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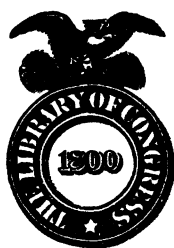
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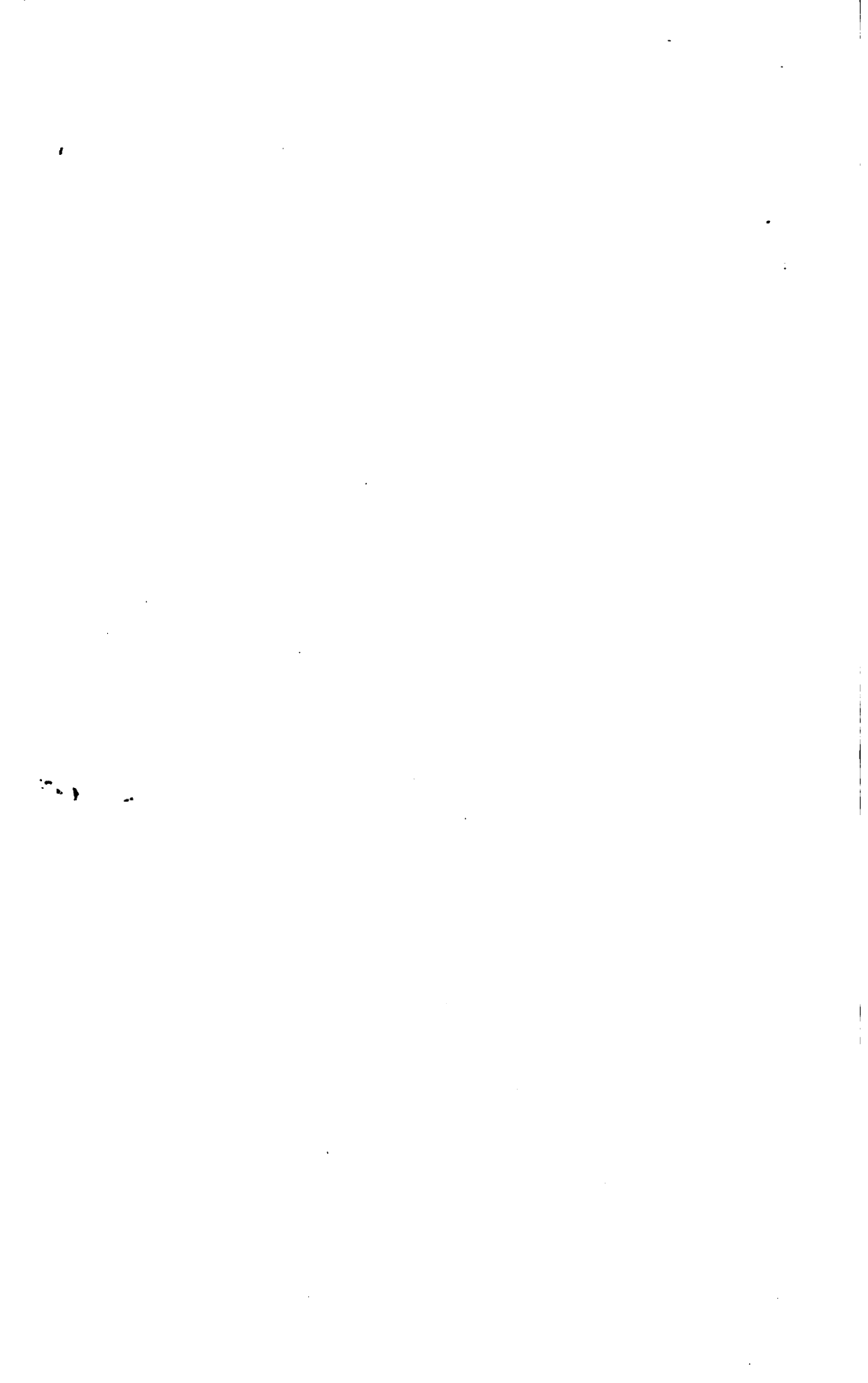
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# DUTIES ON PHILIPPINE PRODUCTS.

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## HEARINGS

BEFORE

### THE COMMITTEE ON WAYS AND MEANS, HOUSE OF REPRESENTATIVES

*(58th Congress, 3d Session),*

CONSISTING OF

SERENO E. PAYNE, CHAIRMAN.	
JOHN DALZELL.	CHARLES CURTIS.
CHARLES H. GROSVENOR.	JAMES C. NEEDHAM.
JAMES A. TAWNEY.	JOHN S. WILLIAMS.
SAMUEL W. McCALL.	SAMUEL M. ROBERTSON.
JOSEPH W. BAECOCK.	CLAUDE A. SWANSON.
EBENEZER J. HILL.	SAM BRONSON COOPER.
HENRY S. BOUTELL.	CHAMP CLARK.
JAMES E. WATSON.	WM. BOURKE COCKRAN.

HULL GREENFIELD, CLERK.

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**January 23-28, and February 3, 1905.**

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HEARINGS ON THE BILL (H. R. 17752) TO AMEND AN ACT  
ENTITLED "AN ACT TEMPORARILY TO PROVIDE REVENUE  
FOR THE PHILIPPINE ISLANDS, AND FOR OTHER PUR-  
POSES," APPROVED MARCH 8, 1902.

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SUGAR.

COMMITTEE ON WAYS AND MEANS,  
HOUSE OF REPRESENTATIVES,  
*Washington, D. C., January 23, 1905.*

The committee met this day at 10.15 o'clock a. m., the Hon. Sereno E. Payne in the chair.

There appeared before the committee in opposition to the bill Hon. Joseph W. Fordney, Representative from Michigan, Mr. Watts S. Humphrey, and Mr. Truman G. Palmer.

The CHAIRMAN. The committee will be in order.

**STATEMENT OF HON. JOSEPH W. FORDNEY, REPRESENTATIVE  
FROM MICHIGAN.**

Mr. FORDNEY. Mr. Chairman and gentlemen, I would like, if it is agreeable to the committee, to present a few questions that I would like to go into the record and have the committee present to the friends of this measure. 'I do not want to appear presumptuous, but there are some questions here which, if answered fully, or if not answered fully, might be very important to the opponents of this bill.

In the State in which I live there is a good deal of sugar produced from beets, and the beet-sugar interests are opposed to this measure. The sugar interests in the State of Michigan are opposed to this measure I say, and with your permission I would like to present to the committee the questions that I would like to have the committee propound to the friends of this measure when they present their views on the subject; and we desire the committee, through the introduction of public documents and questions to witnesses, to place the facts upon the record covering the following subjects, viz:

1. What is the value of cultivated sugar lands in the different provinces of the Philippine Archipelago?
2. What is the price at which the uncultivated land can be obtained per acre?
3. What is the cost per acre of putting uncultivated lands in suitable condition for the planting of sugar cane?
4. What tonnage of sugar cane will the good sugar lands in the different provinces produce per acre?
5. What amount of sugar per ton of cane can be extracted?
6. Do the figures given refer to the present method of cultivation and extraction?

7. Under a modern system of cultivation and with modern machinery what tonnage of cane should you say the land would produce?

8. With modern machinery and methods what should be the extraction of sugar per ton of cane?

9. What quantity of land under existing laws can an individual purchase and hold, and what quantity of land can a corporation hold, in the Philippine Islands?

10. Do you recommend, or do the requirements of the sugar business demand any change in these land laws, and to what extent is such a change recommended?

11. What is the estimated quantity of the land in the archipelago now devoted to the production of sugar?

12. What is the estimated quantity of lands adapted to the cultivation of sugar that are now devoted to the production of other crops?

13. What is the estimated quantity of cultivated lands in the archipelago that are adapted to the raising of sugar cane?

14. Is the soil as fertile and the climate as favorable to the production of sugar as in the Hawaiian Islands?

15. What is the present selling price of raw sugar in Iloilo and in Manila?

16. What was the selling price of raw sugar in Iloilo and Manila in December, 1903?

17. What is the cost per hundred pounds of producing raw sugar, under present methods and with present machinery, in the different provinces?

18. What is the price per day for ordinary labor on the sugar plantations of the Philippine Islands?

19. Are the number of hours constituting a day's labor fixed by law in the different provinces? If so, specify the different provinces, and what constitutes a day's work in each.

20. Is there any system of peon or semislave labor on the sugar plantations of any of the provinces? If so, state to what extent, and explain its provisions fully.

21. What are the present provisions regarding Chinese labor in the archipelago, and what, if any, modifications of the same are recommended by the Commission?

22. In the prices given by you, are your figures based upon American gold coin? If not, explain what relation the value of the money in the figures you give bears to the figures in American gold coin.

23. Name the capitalists whom you have in mind who stand ready to exploit the forthcoming proposition on the passage of this law.

Now, we would like to have your committee ask the men who favor this measure and who appear before this committee those questions. They are very important, we feel, to the beet-sugar industry, and also to the cane-sugar industry of this country. Gentlemen, I thank you.

The CHAIRMAN. I understand, Mr. Fordney, that you present that as a sort of brief for the examination of witnesses?

Mr. FORDNEY. Why, Mr. Payne—

The CHAIRMAN. I only wanted to get your idea.

Mr. FORDNEY. My idea is this: I am opposed to the measure, and I think those questions are very important to ask of the friends of the measure. I think if they will answer them we can then show that they perhaps are not absolutely correct on all their views, on some of these subjects at least.

The CHAIRMAN. Have you a copy which you can file with the committee?

Mr. FORDNEY. Yes; I will leave this with you. [Submitting same.]

The CHAIRMAN. Thank you.

Mr. FORDNEY. We feel that more sugar cane and more sugar per ton of cane can be produced in the Philippine Islands than in any other American territory, and therefore they have a greater advantage in the production of sugar if they are permitted to bring in their sugar free of duty, or at 25 per cent of the present Dingley tariff. We believe that at that rate they would have a great advantage over any other American territory. In fact, we feel that they have an advantage today, paying 75 per cent of the Dingley duty over any other American territory without any further reduction.

Mr. WATSON. Did those questions include the cost of transportation from Manila to San Francisco, and then the cost from San Francisco on to Chicago?

Mr. FORDNEY. That might be added to it, Mr. Watson. However, that is a known quantity or sum.

Mr. WATSON. I did not know whether it was a known quantity or not.

Mr. FORDNEY. Three dollars and a half per ton is given by the experts who were sent over by the Government to investigate.

Mr. WATSON. Three dollars and a half per ton of what?

Mr. FORDNEY. Three dollars and a half per ton of sugar. The freight from Manila to San Francisco is that. Is that right, Mr. Humphrey?

Mr. WATTS S. HUMPHREY. Yes. Three dollars and a half from Manila to San Francisco; and from thence to New York makes it \$6.50—that is from Manila to New York City in steam vessels, and \$5.50 in sailing vessels, or from 22 to 24 cents per 100 pounds in sailing vessels and from 27 to 29 cents per 100 pounds in steam vessels to New York. It is about the same freight from Manila to New York as it is from Omaha to Chicago. Our price now is 25 cents per 100 pounds. From Manila to New York it is 27 or 29 cents.

Mr. WATSON. Would it be cheaper per ton to come from Manila to San Francisco and then from San Francisco by rail, or around by New York by vessel and then by rail to Chicago?

Mr. HUMPHREY. From New York to Chicago is 24 cents. It would cost from Manila to Chicago by way of New York in sailing vessels about 46 cents.

Mr. WATSON. On the 100 pounds?

Mr. HUMPHREY. Yes, on the 100 pounds.

Mr. DALZELL. Mr. Fordney, is there any difference in the cost of raising sugar in the different parts of the United States proper?

Mr. FORDNEY. Yes, sir.

Mr. DALZELL. For instance, between what places?

Mr. FORDNEY. It is my understanding that in the arid land districts where they irrigate they raise a much larger tonnage of beets per acre, containing a much larger per cent of sugar per ton, so that they can raise a larger percentage than in the States of Michigan, Wisconsin, and Minnesota.

Mr. DALZELL. Do you think the States of Michigan, Wisconsin, and Minnesota should be put on an equality with the arid regions by some sort of tariff?

Mr. FORDNEY. They are now equalized in a measure by means of a freight rate to the Atlantic States.

Mr. DALZELL. If they were not, do you think there ought to be a tariff so as to equalize the cost of production?

Mr. FORDNEY. Oh, I do not know that I would say that; to favor one State as against another. But, Mr. Dalzell, until the quantity of sugar produced in the Philippine Islands grew to an enormous extent, I do not think there would ever be a pound of Philippine sugar come east of the arid-land States to compete with the sugar produced in the Atlantic States.

Mr. BOUTELL. How does the cost of production of beet sugar now compare with that of cane sugar—that is, Louisiana as against Michigan, say?

Mr. FORDNEY. I am not fully prepared to tell you what it costs to produce a pound of sugar from cane in the Southern States; but I can tell you what it costs to produce a pound of sugar in the State of Michigan from beets. It costs a little above 4 cents a pound.

Mr. GROSVENOR. What does it cost in Utah?

Mr. FORDNEY. I do not know, Mr. Grosvenor.

Mr. DALZELL. It does not cost as much in Utah?

Mr. WATSON. About  $3\frac{1}{2}$  cents.

Mr. HUMPHREY. Yes; about  $3\frac{1}{2}$  cents.

Mr. GROSVENOR. From the evidence we had here a year ago, I think it was a cent and a quarter less.

Mr. HUMPHREY. The farmer is paid for the sugar in his beets nearly twice that.

Mr. FORDNEY. He means in Utah, Mr. Humphrey.

Mr. HUMPHREY. Oh, I thought he meant in Michigan.

Mr. FORDNEY. In Michigan the factories pay to the farmers \$2.30 a hundred pounds for the sugar in the beets delivered at the factory, and it costs a little above a cent and a half a pound to extract the sugar from the beet.

I do not know that there is anything more that I want to say, but I might say to you this:

That since the adoption of Cuban reciprocity there has not been a factory in the State of Michigan built—a sugar factory. I do not believe that a business man in the State of Michigan to-day would invest one dollar in the beet-sugar industry in the State. From the beginning of that industry in the State the growth of it was very rapid, and it continued up to the time when the Cuban reciprocity act was adopted here; and immediately upon the passage of Cuban reciprocity the increase of the industry was not only retarded, but stopped. In fact, there are two less factories in the State running to-day than were running during the year 1903.

Mr. HUMPHREY. Yes; three less.

Mr. GROSVENOR. Who owns the others? Have there been any sales of the others, or of the stock of them?

Mr. FORDNEY. Not that I know of. I believe there has been one at Lansing, the capital of the State, that has changed hands, but it is not in the hands of the trust.

The CHAIRMAN. How much has sugar increased in price since Cuban reciprocity?

Mr. FORDNEY. Considerable, Mr. Payne.

Mr. GROSVENOR. Then how could beet sugar be hurt?

Mr. FORDNEY. I will tell you how, Mr. Grosvenor. The methods by which the farmers were treated in delivering beets to the factory were so discouraging that they will not raise beets.

Mr. GROSVENOR. That was a question of reciprocity between the manufacturers and the beet raisers?

Mr. FORDNEY. That has only resulted where the trust has acquired an interest in the factories. They have made the conditions discouraging, and the farmers refused to sell their beets. In fact, I know of an instance in the State where the farmers hauled the beets to the factory where the trusts had interests, and then the farmers hauled a portion of their beets to individual factories and got a much higher rate of sugar in the beet and less reduction for tare.

Mr. WATSON. What had Cuban reciprocity to do with that proposition?

Mr. FORDNEY. The trust would never have owned a plant in Michigan if the Cuban sugar reciprocity had not been passed. They used that as a means to accomplish it. It is true, no matter whether that was their purpose or not. It is true, nevertheless.

Mr. GROSVENOR. Who are the owners or manufacturers of what you call the trust's interests in the beet-sugar industry in Michigan?

Mr. FORDNEY. Oh, that I do not know.

Mr. GROSVENOR. There ought to be some way that we could get at those gentlemen and ascertain their side.

Mr. FORDNEY. You can get that from a gentleman who will follow me later in the week. He can answer that.

Mr. GROSVENOR. I would like to have it now, before the end of the week.

I do not suppose that Mr. Fordney professes to be an expert on this question, but that he appears rather to present those questions than to be examined as a witness.

Mr. FORDNEY. No; I did not intend to make any remarks on the subject further than to present those questions. I would like to have the men who represent the sugar industries of the country to present those facts.

The CHAIRMAN. I think those gentlemen had better be called, unless Mr. Fordney has something further which he wants to volunteer to the committee.

#### STATEMENT OF MR. WATTS S. HUMPHREY.

Mr. HUMPHREY. I desire to say, Mr. Chairman, that we desire to be heard. I just got here.

The CHAIRMAN. Do you want to be heard now, Mr. Humphrey?

Mr. HUMPHREY. I would prefer to have the facts and figures in hand first before—

The CHAIRMAN. We are ready to hear any one of you.

Mr. HUMPHREY. We did not understand that the beet-sugar interests would have the affirmative of this matter. We did not understand that. We understood how it was before, that those asking for Cuban reciprocity were heard first, and we had not our facts and figures in shape to present to the committee this morning—at least I have not.

The CHAIRMAN. Mr. Palmer has, I think, if you have not.

Mr. HUMPHREY. I would like to answer that question that Mr.



Grosvenor asked, as to who managed the factories in which the trust has an interest.

Mr. GROSVENOR. Who owns them?

Mr. HUMPHREY. There is no factory in Michigan in which the sugar trust has a greater interest than a one-half interest, except one. In most of them they have less than a one-half interest. In those where they have an interest, the entire management and control of the factories is left entirely with the local capitalists, who own the other proportionate interest—left in a board of directors of seven, nine, or eleven. In such a board there is but one person that represents that trust capital on the board.

The other members of the board are the local capitalists. I would say that I have no knowledge, as a matter of fact, that the trusts own a dollar of interest in a Michigan factory. The only thing that I can say is an attorney, as trustee, owns some interest, and it is the common understanding that it is the American Sugar Refining Company's money that has paid for that interest. But there is not one of us that knows that the stock of the factory is owned and controlled by one individual, and they have taken no management or control of a sugar factory there.

Mr. GROSVENOR. Then they have had nothing to do with this demoralization as regards prices, and so on?

Mr. HUMPHREY. So far as I know, not the slightest. The control is absolutely in the hands of the local capitalists, and there is no factory controlled in any other way in Michigan.

Mr. GROSVENOR. That disposes, then, of one question which I wanted to investigate, without any investigation at all. [Laughter.]

Mr. HUMPHREY. There is no board of directors in Michigan in which what is supposed to be trust capital has any interest in any way except one member of the board. So far as the selling of sugar is concerned, and the handling of the factory, there is not the slightest particle of control that has ever been exercised in any way.

Mr. DALZELL. So that they are not responsible for this change of methods in the delivery of beets, and in making to the farmer a larger reduction for tare?

Mr. HUMPHREY. Any of you gentlemen who have been in the business know this, that a farmer will deliver beets to one factory and he will then get dissatisfied and go and deliver beets to another factory. The question of more tare delivered to one factory than at another depends on the field where he makes his selection from. If he takes his beets from a piece of sandy ground he will get 10 per cent less tare than if he takes his beets from clay ground. Many of the farmers get dissatisfied for the purpose of breaking their contracts with their factories, and as an excuse for that they charge the factories with making an excessive reduction for tare, and they take their beets to another factory, and there, perhaps, they get even a higher percentage of tare.

You can readily see that beets, like wheat, potatoes, or anything else, should be taken on the average. When you take a load of beets from the field to the factory the character of one load may differ slightly from the character of another load. For instance, a load that will test 15 per cent sugar may be taken to the factory, and then you may take another load of beets and it may have been grown not 10 rods away from the spot where the first load was grown, and when

you take that load it may test 13 per cent. That is one of the serious things in the sugar-beet business. But there is always an average, and at the end of a season a man's average is practically right. But as I say, you can take a load of beets from different places in the same field, and even different beets growing side by side will have a different percentage of sugar in them. You can readily understand that, gentlemen.

Mr. GROSVENOR. In irrigation the quality of the beet is better sustained, is it not?

Mr. HUMPHREY. I hardly think so. I think the beets run the same way in the irrigated lands. I was in the San Bernardino country in California at the time they held a fair there, and they were paying a premium for the best 10 acres of beets. They paid \$500 for the first, and \$250 for the second, and \$125 for the third, and there were 10-acre lots which got respectively the first, second, and third prizes, and they grew close to one another, and the difference in the three fields was somewhere between 5 and 6 per cent.

The amount of sugar contained in the beets depends very largely on the climatic conditions being the same—depends largely upon the system of cultivation and upon the way in which they are planted. The beets planted close together, for instance, will have a different percentage of sugar than those planted farther apart, and this is one of the problems that the American sugar manufacturers have got to work out, and it takes years to work that out. It takes years to determine just how the planting must be done, and what the cultivation must be to obtain the highest degree of perfection in the beet.

That is a thing that we are working at continually. That is a thing which it was expected this industry would develop. We expected that with American grit and ingenuity and work we would solve the problem, so that we could give cheaper sugar than anybody ever had in this country before, and the fact is that since the beet sugar has played an important part in the sugar industry in the United States the price of sugar has gone down very materially.

The CHAIRMAN. It only corresponds with the price in the world outside, does it not, Mr. Humphrey?

Mr. HUMPHREY. Oh, Mr. Chairman, the price of sugar in the world is so much different from the price of sugar in America that there is no comparison between them. Sugar is selling in the grocery stores of Berlin at 8½ cents a pound.

The CHAIRMAN. I do not speak of grocery stores. I refer to wholesale prices.

Mr. HUMPHREY. They sell their surplus to the balance of the world, and their local prices are very high. Their tariffs are prohibitive.

The CHAIRMAN. That is true, but there is a world's price for sugar for export, is there not?

Mr. WATSON. Made at Hamburg.

The CHAIRMAN. Does not the price of sugar in the United States compare with the price at Hamburg, going up and down? I mean the wholesale price, not the grocery store price.

Mr. HUMPHREY. I would like to answer that question, and also answer it in view of the question you asked a few moments ago as to how reciprocity interfered with the production of beet sugar in this country. The Hamburg price is supposed to fix the price of sugar, but to-day the Cuban sugar is sold in New York at from 15 to 25

cents a hundred pounds less than the Hamburg price of sugar; and while the Hamburg price is a fixed price, the Cuban sugar brings less in New York than the Hamburg price.

The CHAIRMAN. Where can we get those prices?

Mr. HUMPHREY. They can be had from Willett & Graves's Trade Circular. The Cuban sugar to-day is bringing in New York 29 cents less than the Hamburg price. It was supposed that the price would be regulated by the Hamburg price. But the American price is now set by the Cuban sugar, and we are up against that proposition—that instead of getting the world's price to-day we are getting the price guaranteed by the Cuban market. That is the worst feature of it.

There are a great many facts and figures that I would like to give to the Committee, and I can do it much more easily and to your greater satisfaction by having them formulated and tabulated.

Mr. GROSVENOR. You can have that tabulated, can you?

The CHAIRMAN. And then we can go on with the hearing, now that we are here.

Mr. Palmer, are you prepared to go on to-day? You sent me a very elaborate brief some weeks ago, you know.

Mr. TRUMAN G. PALMER. I do not want to go over the same ground, but to add some other things—something entirely new.

The CHAIRMAN. All I can say is that the committee is here and will hear you on this subject. The committee has determined to close the hearings this week. We will give a whole week to it, which is as much time as the committee gave to the hearings in the preparation of the Dingley tariff bill, and if you are left out in the end it will be your own fault and not the committee's.

Mr. PALMER. I presumed that the people who are to be heard in favor of this bill would naturally be heard first, and many of our people are now at long range. Several of them will not be here until Wednesday. I had to telegraph clear to the Pacific coast, and naturally I felt we would come out toward the end of the week.

The CHAIRMAN. The committee think otherwise, and those that are in favor of the bill would be willing to submit it now, if it is desired to do so. I speak of people outside of the committee.

Mr. PALMER. I am not prepared to go on this morning, Mr. Chairman.

The CHAIRMAN. Will you indicate any time when you gentlemen will be prepared to go on?

Mr. HUMPHREY. I will say, Mr. Chairman, if it is the desire of the committee that we should go on, I can give what views I have on this subject to-morrow morning.

The CHAIRMAN. Is there anyone else prepared to go on to-day?

Mr. FORDNEY. Mr. Chairman, I have with me a letter from the owner of two beet-sugar factories—from a man who is interested in two different factories in our State—which I would like to read to the committee, and if there is no one to present the other side of the question, perhaps now would be a good time to read this letter, and I would like to have it go on the record.

The CHAIRMAN. We would be glad to have you read it, Mr. Fordney.

Mr. FORDNEY. It is signed by James Davidson, of West Bay City, Mich., and the letter explains his position and his interests. The letter is dated January 21, 1905, and runs as follows [reading]:

WEST BAY CITY, MICH., *January 21, 1905.*

HON. J. W. FORDNEY,  
Washington, D. C.

DEAR SIR: I am advised that the Ways and Means Committee has granted one week for hearings, beginning next Monday, to consider the reduction of 75 per cent on the Philippine tariff.

I believe that such a reduction will be the greatest menace that the beet-sugar industry has ever had, for the reason, that with the rate of wages prevailing in this country it is absolutely impossible to compete with the Philippine sugar, produced at a rate of wages amounting to one-tenth as much as our wages. The cost of producing sugar in this country depends entirely upon the cost of growing beets and sugar cane. Farmers in the States of Michigan and Wisconsin can not secure help at less than \$25 per month, to include board, washing, etc., which means a total of about \$40 per month, which, based on twenty-six working days, is equal to \$1.50 per day.

I am informed by newspaper reports, which can undoubtedly be confirmed by statistics to which you have access in Washington, that the total cost of farm labor in the Philippine Islands, to the farmer or to the plantation owner, does not exceed 15 cents per day. The same ratio exists for the factory labor. It is clearly shown by statistics that the farmers in the United States are gradually losing their hold on the grain market of the world. Our wheat exports are less than one-third of what they were ten years ago, and the time is coming when South America will make great inroads on our corn exports. We have for some years been growing more wheat and grain than we could consume, and our farmers must either compete with foreign countries or they must reduce their acreage in these cereals. We have a large home market for sugar. We have demonstrated in the past ten years that sugar can be successfully grown and manufactured in more than one-half of the entire country.

In many States the farmer has learned how to grow beets, and appreciates the value of the beet crop. The very fact that Secretary Taft recently tried to amend the law, which provides that only 2,500 acres of Philippine government land can be secured by one person or corporation, to read 25,000 acres, would indicate that he is more interested in exploiting the resources of the Philippine Islands for the benefit of the large corporations and trusts than for the benefit of the Philippine Islands. Another consequence of this proposed reduction will be similar to what has taken place in Cuba since the 20 per cent reduction has gone into effect, and that is, that the American sugar trust will buy or lease the sugar plantations in order to become the beneficiaries of the proposed tariff. The Cuban native gets no more wages than he did before the reduction, and the Philippine native will get no more, while the American people will pay the same price for sugar as they did before the reduction.

I therefore protest against the passage of a bill providing for this reduction, in the name of the Sugar Company (Limited), of Mount Clemens, Mich., and the Rock County Sugar Company, of Janesville, Wis., and in the name of more than 3,000 farmers who are growing beets for these two companies. You will find that all of the claimed advantages to this country made by the champions of the Cuban tariff reduction have failed to materialize. Our exports did not increase anywhere near in the ratio that our imports increased from Cuba, while most of the money which was sent there for the increased shipments of sugar to us went to foreign countries for merchandise purchased there. On account of the poor prospects of the sugar-beet industry, it became impossible for the stockholders of the Mount Clemens sugar factory to continue the business. The property was finally reorganized, and is now owned by ourselves, the Kilby Manufacturing Company, and the former stockholders in the small percentage of holding to their original investment.

We have made a great effort this year to put the company on a good financial footing, and by a great deal of hard work and canvassing among the farmers we succeeded in getting 52,000 tons of beets, in which we employed about 1,500 farmers. The Mount Clemens Sugar Company paid out to these farmers for beets \$221,315.16. We paid out for labor running the factory \$175,000 in addition to this. We paid the railroad companies for freight on coal, beets, delivery of sugar supplies, etc., \$124,000. The town of Mount Clemens has prospered very much, and the entire community has also prospered by the good success that we have had this year. As sugar is a little higher than usual at the present time, we have succeeded in holding our own and making a very little money, but if you should reduce the tariff in the Philippines we would have to stop business and lay up the factory. This not alone directly affects a great

number of farmers throughout the vicinity of Mount Clemens, but it also affects farmers throughout the State of Michigan, and also any other States that are now engaged in the manufacture of sugar from beets.

We hope that the committee in charge of this matter at Washington will not, under any condition, favor any reduction. The explanation we have given above in regard to the Mount Clemens factory will also apply to the Rock County Sugar Company, of Janesville, Wis. The investment represented at Mount Clemens is \$700,000. The investment represented at Janesville is about \$750,000. We sincerely trust that you will see that the interest of the farmers as well as the sugar companies is protected, and that you will do all in your power in order to defeat any reduction in the tariff with reference to the Philippine Islands.

Yours, very truly,

JAMES DAVIDSON.

I may say that Mr. Davidson is not only a manufacturer of sugar, but he is interested in shipbuilding and in vessel property. He is a very wealthy man. A year or two ago, or two or three years ago, he built a sugar factory in Canada, just opposite Port Huron, or near there, and for some reason he tore that factory down and has removed it to Janesville, Wis. That establishment is now called the Rock County Sugar Company, of Janesville, Wis. He feels deeply interested in this matter, as every other man in Michigan who has a dollar invested in the sugar industry feels.

I am advised that during this year, owing to the high price of sugar, on account, perhaps, of the shortage in the sugar supply of the world, they are making some money in the State of Michigan. Last year they did not make any. The weather was bad for their crops two years ago, and the weather was bad for their crops last year. The outlook was very discouraging. Two factories in my own town, Saginaw, have gone into the hands of a receiver. Why they have gone into the hands of a receiver I do not know, but the trust now owns an interest in both of them. I have no means of knowing the details. I have no interest in any sugar industry in the State. I have no interest in the matter further than to represent my constituents.

The farmers find the beet-sugar crop to be the best crop that they raise upon their farms. It diversifies their crops. Consequently a large acreage is devoted to beets in the State of Michigan, and it has reduced the quantity of hay and wheat and corn and other crops produced in the State, and naturally, as a consequence, the prices of those other articles have advanced. Michigan hay is the best hay found in the markets of the United States, and right here in Washington to-day a higher price is paid for hay cut from the fields of Wisconsin, Michigan, and Minnesota than is paid for any other hay in the world; and yet, notwithstanding this, the farmer finds it a better crop to raise beets, where he can procure the necessary labor. There is not a farmer in the district which I have the honor to represent who is not opposed to any reduction of the duty on sugar. They were also opposed to the reduction of the duty on sugar from Cuba, for the reason that they thought that it would injure their beet-sugar industry and harm the agricultural interests of their State.

I think you will find that the farmer and consumer of sugar in the United States is paying more to-day for his sugar than he did a year ago, and that the American Sugar Refining Company is perhaps paying a still higher price on sugar than they did last year or than they did in the year 1903. I think that before the committee adjourns at the end of the week information will be pre-

sented to you positively showing that the 20 per cent reduction on sugar coming into the United States from Cuba did not go to the Cubans. It certainly has not gone to the consumer of sugar in this country.

I am much opposed to this reduction of the Philippine tariff on sugar for many reasons, and if the bill comes on the floor of the House I hope to have an opportunity there to express my views not only to the gentlemen present, but to the members of the House generally.

Mr. TAWNEY. Mr. Fordney, what was the aggregate crop of beet sugar this year? Do you know?

Mr. FORDNEY. Two hundred and nine thousand tons. I have it right here. I will give it to you, if you will permit me, from the beginning of the industry in the United States.

Mr. WATSON. You mean the aggregate crop in the United States?

Mr. TAWNEY. The beet-sugar crop.

Mr. FORDNEY. I will give it to you now and leave it with you here. It covers each year from 1892.

[Quantities in tons of 2,240 pounds.]

Year.	Fac- tories in opera- tion.	Sugar pro- duced.
1892	6	12, 018
1893	6	19, 550
1894	5	20, 082
1895	6	29, 220
1896	7	37, 536
1897	9	40, 590
1898	15	52, 471
1899	31	72, 844
1900	34	76, 859
1901	39	163, 126
1902	44	185, 463
1903 <sup>a</sup>	53	208, 135
1904	51	208, 000

<sup>a</sup>The last year before Cuban reciprocity took effect.

Mr. DALZELL. Those figures show that in the year 1904 there was a production of more tons?

Mr. GROSVENOR. One thousand more tons.

Mr. FORDNEY. Nine hundred and sixty-five more tons were produced in 1904 than in 1903. In the State of Michigan we have three factories less than we had in 1903, and the crop has fallen off materially.

Mr. TAWNEY. Are those three factories the ones that the sugar trust bought an interest in in 1903?

Mr. GROSVENOR. We had that before you came in. They do not seem to have much interest out there.

Mr. CLARK. It was stated and reiterated here and on the floor of the House, at the time Cuban reciprocity was under consideration, that the trust was buying up all these beet-sugar factories out West. Is that true or not?

Mr. FORDNEY. They have purchased a good many, and out of the 21 in our State they are interested in 10 or 11. How many are there, Mr. Humphrey—do you know?

Mr. HUMPHREY. I think nine or ten of them. In some of them they have a small interest, and in three or four, I understand, they

have a half interest. It is common rumor. The title to the stock, I think, is in the name of Mr. Charles B. Warner.

Mr. TAWNEY. I want to know if these three factories that are not in operation now were in operation before the Cuban reciprocity treaty went through—are they not the factories in which the trust is interested?

Mr. FORDNEY. Two in my home city are the ones in which the trust is interested.

Mr. DALZELL. Have you the figures there showing the production last year of cane sugar in this country?

Mr. FORDNEY. No, sir.

The CHAIRMAN. You say in 1904. Does that mean the present campaign just closed?

Mr. FORDNEY. It means the season of 1904-5. The years I have given mean the seasons represented by the years named, together with the following part of a year.

The CHAIRMAN. What I meant was, was it the present campaign?

Mr. FORDNEY. Yes; the year 1904-5.

Mr. GROSVENOR. Can you tell us where these increased factories are located? Where the new ones are—in what States?

Mr. FORDNEY. I can not tell you that, but a large portion of it has been in the State of Michigan.

Mr. GROSVENOR. The increase?

Mr. FORDNEY. Yes; the increase in the factories from 1898 to 1903. There was a greater increase in the State of Michigan in the number of factories and in capacity than in any other State in the Union.

Mr. GROSVENOR. How many factories are there now, all told?

Mr. FORDNEY. Fifty-three. Twenty-one in Michigan.

Mr. GROSVENOR. Where are the 53 located?

Mr. FORDNEY. In Michigan, Wisconsin, Minnesota, Colorado, Utah, California, and Washington, etc.

The CHAIRMAN. Do not forget the one in New York, in my district.

Mr. FORDNEY. There is one in New York and one, I think, in Ohio.

Mr. GROSVENOR. I think there are some beets produced there now, but not very much. It is a mistake to say that all the United States can produce beets. We have made experiments beyond the limit, and there is little hope of producing beets in Ohio profitably.

Mr. FORDNEY. My recollection is that there is one factory—

Mr. GROSVENOR. There may be one out near Toledo, or somewhere there. It is pretty close to Michigan.

Mr. FORDNEY. I do not believe there is anything further I want to say to you, except that I can show to you what has been paid to the farmers in the State of Michigan this year for beets, and what was paid for labor for extracting the sugar from the beets.

Mr. Humphrey, in your remarks to the committee, will you present to them the amount of beets raised in the States, and what was paid to the farmers, and so on?

The CHAIRMAN. Had you not better leave that sheet there, Mr. Fordney, in regard to the production?

Mr. FORDNEY. Yes.

Mr. NEEDHAM. Do you contend, Mr. Fordney, that this Government can permanently maintain tariff rates upon goods and merchandise coming from territory in our possession?

Mr. FORDNEY. I contend this, Mr. Needham: I will answer it, I

think, to your satisfaction. So far as doing something for the benefit of the Filipinos is concerned, I am with you all the time, unless it injures an industry in the United States. To reduce the duty on the present amount of sugar coming from the Philippine Islands would be a body blow to the beet-sugar and cane-sugar industries in the United States, because in the Philippine Islands they can produce sugar to-day, under the present old-fashioned methods, with old-fashioned machinery, without installing farm implements and paying the present duty and freight rates upon it from the Philippine Islands to San Francisco, and can put it on our markets at 1 cent or more per pound less than it can be produced for in this country.

Mr. TAWNEY. How much of it did we import last year?

Mr. FORDNEY. Very little, indeed, because they have a market nearer home. Seventy-one million pounds out of something like 210,000,000 pounds came to this country. The greater proportion of it, however, some 22,000,000 pounds out of 71,000,000 pounds, came to the United States and the balance to England and Canada.

Mr. TAWNEY. Was there any material increase of importation of sugar from Cuba after the reduction?

Mr. FORDNEY. There was. I have it in my mind. For instance, in the year 1903 we sold to Cuba in round numbers—

Mr. TAWNEY. I meant the Philippines. We made a reduction of 25 per cent on Philippine sugar, you know.

Mr. DALZELL. We brought it down to 75 per cent of the regular rates, where it is now.

Mr. FORDNEY. Do you mean has there been any increase in the imports?

Mr. TAWNEY. Yes.

Mr. FORDNEY. I could not give you that.

Mr. DALZELL. Do you think we ought to have one policy with respect to Porto Rico and Hawaii and another policy with respect to the Philippines?

Mr. FORDNEY. Yes. On the other hand, all the duty now collected on imports from the Philippines goes back to the Philippine government, and it is really an export duty and not an import duty. They can produce sugar so much more cheaply than any other part of the world—

The CHAIRMAN. There ought to be a duty for revenue to help us to support the Philippine Islands.

Mr. FORDNEY. There should be a duty.

The CHAIRMAN. And not for the purpose of revenue from the Philippine Islands? You answer the question in effect by saying it produces revenue for the Philippine Islands.

Mr. FORDNEY. It does, and you can make it an export or import duty.

The CHAIRMAN. Suppose it would turn out that a 25 per cent duty would increase the revenue over what is now produced by the 75 per cent duty?

Mr. FORDNEY. For the Filipinos? That would crush out our industry at home. I am opposed to it. I am first for the citizen of the United States, and second for the fellow over there who has nothing to wear but a fig leaf to protect him from the elements.

The CHAIRMAN. You do not seem to reach the second in your philosophy. You mention it, but you do not reach it.



Mr. GROSVENOR. Some time, through some of you gentlemen who represent your interests, let us know what they know about the production of sugar in the Philippine Islands.

Mr. FORDNEY. I can give it to you right now.

Mr. GROSVENOR. Yes; but where do you get it?

Mr. WATSON. That is one thing I wanted to ask.

Mr. FORDNEY. You will find in the report from the special agent who was sent to the Philippine Islands by the Interior Department a statement made by that agent, where he was sent to investigate and find out what it would cost to purchase a certain amount of territory, a certain amount of land, to be owned by the Government as an experiment station, on which they should build a sugar factory, producing 50,000—how much is that?

Mr. HUMPHREY. I think 50 tons per day.

Mr. FORDNEY. He gives the cost of producing sugar in the Philippines to-day, as also Mr. Taft, when he makes the same statement in his hearing before the Philippine Committee of the Senate in 1902, that a pound of sugar can be produced to-day in the Philippine Islands for six-tenths of a cent. The expert says 62.5 cents per hundred pounds.

Mr. DALZELL. Is that report in print?

Mr. FORDNEY. Yes, sir.

Mr. DALZELL. Where can we get it?

Mr. FORDNEY. In the report of the hearings of the Philippine Committee of the Senate.

Mr. DALZELL. I do not mean Mr. Taft's testimony, but I mean the report of this special agent you mentioned?

Mr. FORDNEY. Mr. Humphrey has it. It is a matter of public record. I do not know just where he got it.

Mr. HUMPHREY. It is embodied in the report of the Philippine Commission to the United States Senate.

Mr. FORDNEY. I have figured it out here, if you will permit me.

Mr. HUMPHREY. It is a Senate document.

Mr. GROSVENOR. Do you know the number of it?

Mr. HUMPHREY. I thought we had the number of it here.

Mr. FORDNEY. Taking as a basis 60 cents per hundred pounds for the production of sugar in the Philippine Islands to-day, on the basis of the present methods—

Mr. CLARK. Is that raw sugar?

Mr. FORDNEY. Yes; 60 cents per hundred pounds.

Mr. WILLIAMS. Tell us how you got the idea that that is a proper basis to take.

Mr. FORDNEY. I state that this was a report by Secretary Taft and by the expert sent to the Philippine Islands to investigate.

Mr. WILLIAMS. Have they any expert labor—any skilled labor?

Mr. FORDNEY. I could not quite answer that; I presume they have to a certain extent.

Mr. WILLIAMS. What is the basis of production as compared with 60 cents for your beet sugar in the United States—your basis with cane sugar?

Mr. FORDNEY. I answered the question a few moments ago; that they are not fully compensated on the cost of production of the cane sugar. I am more interested in the beet-sugar industry in the United States.

Mr. WILLIAMS. What is that?

Mr. FORDNEY. Four cents a pound; a fraction over.

Mr. WILLIAMS. What is this?

Mr. FORDNEY. Six-tenths of a cent a pound.

Mr. WILLIAMS. The contention is that those fig-leaf people out there can work much more efficiently than our American people in producing beet sugar?

Mr. FORDNEY. I do not say that; but they have——

Mr. WILLIAMS. Have you any idea of what it costs to produce cane sugar?

Mr. FORDNEY. No; I think beet sugar is the fairest basis. There are gentlemen here who can give you that, Mr. Williams. I do not want to jump at conclusions. I want to be right about my statements here. The freight on that sugar from the Philippine Islands to San Francisco, as given by the expert in his report—the report does not say it is addressed to the Secretary of the Interior, or the Secretary of Agriculture, but he says his instructions came from the Interior Department——

The CHAIRMAN. It says the freight from Manila to San Francisco. Now, what is the freight to Manila from the interior?

Mr. HUMPHREY. Twenty-five cents a ton.

The CHAIRMAN. Where does that appear?

Mr. HUMPHREY. It is in this report of the special agent.

Mr. FORDNEY. Let me give it to you as shown in this report. Three dollars and a half a gross ton would be 15.625 cents per hundred pounds, and the present rate of duty, 75 per cent of the Dingley bill, which is \$1.685 on 16 degrees Dutch standard, would be \$1.26 $\frac{3}{4}$  cents per hundred pounds. The cost of refining, which is the highest figure fixed by Mr. Havemeyer, or another expert giving testimony as to what it costs to refine sugar, is 60 cents per hundred pounds, or a total of \$1.62 per hundred pounds, laid down from Manila at San Francisco.

The CHAIRMAN. That is against 4 $\frac{1}{2}$  cent sugar from beet.

Mr. FORDNEY. Yes, sir.

The CHAIRMAN. What is the reason why there has been no greater importation of sugar from the Philippine Islands?

Mr. FORDNEY. The reason is the one that Mr. Taft gives—that the capital is not there to invest.

The CHAIRMAN. We get only a small fraction of what comes from the Philippine Islands?

Mr. FORDNEY. They have a market nearer home. The freight rates are less to Hongkong and to Japan than they are to the United States, and for that reason, I presume, the greater portion of the sugar goes there. The freight rates shut them out from here at the present time.

Mr. COOPER. What is the market price of sugar at Hongkong?

Mr. FORDNEY. That I do not know, sir. But taking as a basis the figures here as compared with the Hamburg figures—the price of sugar for the world—I should say that Manila could put her sugar into Hongkong much more cheaply than into San Francisco. The freight rates would be greatly different. Mr. Taft has stated that upon the passage of this bill he knew of capital that was ready to invest in the sugar industry in the Philippine Islands.

Where does that capital come from? If it comes from the United States we would like to induce them to go to the State of Michigan, and into that industry in beets.

Mr. GROSVENOR. You are frightening everybody away from Michigan. You have been at that for two years. Your doleful account of the horrible failure of Michigan production and values is not very well calculated to boom the stock market of sugar. [Laughter.]

Mr. FORDNEY. Certainly it was not my vote on reciprocity with Cuba that frightened them away.

Mr. CLARK. It was your speech. [Laughter.]

Mr. FORDNEY. I think that every word I uttered in my speech was absolutely correct. At least, I wanted it to be. I intended it should be.

Mr. GROSVENOR. But sugar advanced right along?

Mr. FORDNEY. That is true, but who advanced it? Who has the control of it?

Mr. CLARK. Do they make any refined sugar in the Philippines?

Mr. FORDNEY. I do not believe they do.

Mr. CLARK. What is the reason?

Mr. FORDNEY. I do not know.

Mr. GROSVENOR. It is not desirable. My impression may be wrong, but, as I understand, in a tropical country the refining of sugar has never prospered. They do not refine in Cuba. They do not refine in New Orleans, nor in Porto Rico.

Mr. WATSON. Or in the Hawaiian Islands? They export nothing but raw sugar?

Mr. HUMPHREY. There are four very large refineries in Hongkong, where they refine Philippine sugars.

Mr. CLARK. Why do they not refine in the Philippines?

Mr. HUMPHREY. Just for the same reason that they do not refine in Cuba. Under the old Spanish administration all kinds of manufactures were discouraged. They are not a manufacturing people—that kind of people.

Mr. GROSVENOR. You do not understand that in a tropical country the refining of sugar is as profitable as in colder countries?

Mr. HUMPHREY. As profitable? I do not know why not.

Mr. COOPER. They are refining in Cuba now.

Mr. HUMPHREY. The reason it is never done is because I have never known a tropical people to be enterprising people myself.

Mr. GROSVENOR. It is not tropical people who are producing sugar in Porto Rico nor or in Cuba now?

Mr. HUMPHREY. Oh, no, sir. The American gentlemen who desire to spend their money almost in any other place in the world than to build up the interests of their own country—they are the ones who are building up the refining interests in Porto Rico and Cuba, and they will do it in the Philippine Islands if this bill passes.

Mr. WILLIAMS. You say the reason why those people do not refine is that they are not enterprising, because of their tropical character. Why, then, should they threaten us agriculturally? Are they any more enterprising agriculturally than they are in manufacturing?

Mr. HUMPHREY. I think I can answer that question in this way: In the Philippine Islands their land produces 40 tons of cane per acre, where your Louisiana land produces 11 tons per acre. They have nearly four to one advantage over you. They will dig up that soil

of theirs with a wooden stick and put in sugar cane and raise more on one acre than you people in Louisiana can do on four acres.

Mr. WILLIAMS. Does not a man in Louisiana cultivate three times as much?

Mr. HUMPHREY. They may, but when you make it so profitable the Louisiana man would leave Louisiana and go to the Philippines. I do not think you would benefit the United States by that.

Mr. WILLIAMS. Where do you get your warrant for the statement that any laborer is leaving Louisiana to cultivate sugar in the Philippines?

Mr. HUMPHREY. I mean capital.

Mr. WILLIAMS. There may be capital going, but where do you get your warrant for the statement? Where do you get the warrant for your statement that any capital is leaving Louisiana to cultivate sugar in the Philippines?

Mr. HUMPHREY. Since the agitation for Cuban reciprocity there have been millions and millions of dollars of American money that have gone into the sugar business in Cuba.

Mr. WILLIAMS. Has any man who works in the sugar business gone there? I understand that people have exploited sugar factories there. Capital has done that. But has any labor gone into Porto Rico or the Philippines from Louisiana?

Mr. HUMPHREY. No, sir; they can get labor in the Philippines for 8 or 10 cents a day. They can get Chinese and Japanese labor even more cheaply than that.

The CHAIRMAN. How can they get Chinese labor there?

Mr. HUMPHREY. There are 60,000 Chinese in Manila. They are already there, and then a large majority of their people are Chinese in whole or in part. We are up against the proposition of the American laboring man who works in the sugar plantation and in the wheat field being compelled to go into competition with men working for 8 or 10 cents a day.

Mr. WATSON. The production of cane sugar last year fell off 85,000 tons as compared with the year before. Are you sufficiently informed to know what was the cause of that falling off?

Mr. HUMPHREY. In contradiction to that, I would say the gentleman is in error. The production of cane sugar in the world was greater—

Mr. WATSON. I was talking about production in the United States.

Mr. HUMPHREY. I presume some climatic condition, undoubtedly, was the cause, but the world's production of cane sugar was some 400,000 tons greater, while the production of beet sugar was over 1,200,000 tons less.

Mr. WATSON. There was a falling off in the United States of 85,000 tons of sugar. In your opinion, has Cuban reciprocity had anything to do with driving those people out of the market?

Mr. HUMPHREY. I should not be at all surprised if it were so. It is my idea that when we open up our American market to the competition of these tropical countries, where they work at such wages as obtain there, it is only a question of time when every Louisiana planter and every American beet-sugar producer has got to go out of business.

Mr. WILLIAMS. In that connection let me ask you a question, not directly upon sugar, but upon another product. The competition

between the American laborer and the fellah in Egypt and the Hindu laborer in India in raising cotton is absolutely full and unrestricted, is it not?

Mr. HUMPHREY. Yes.

Mr. WILLIAMS. And yet we beat them every year, and drive them to the wall, and have been doing it for years?

Mr. HUMPHREY. Yes.

Mr. WILLIAMS. How do you account for that?

Mr. HUMPHREY. I account for it from the fact that if you will allow this beet-sugar industry in the United States to go on and be protected until it becomes prosperous, it will in time drive every other man out of business.

Mr. WILLIAMS. Cotton never was protected, even in its infancy, and yet we have had the most expensive labor in the world in the early history of cotton, to wit, slave labor, and since slavery was abolished we have had labor that is paid three or four times as much as labor engaged in similar business in Egypt and in India.

Mr. HUMPHREY. Is it not true that the cotton lands of the United States are more productive than the cotton lands of any other part of the world, and for that reason we have the same advantage which the Philippine sugar lands would have over us?

Mr. WILLIAMS. It does not show that they raise a greater product to the acre, but they are economically the best cotton lands in the world. The reason why they do not raise as much is that they have not got as efficient labor, or as efficient management and administration. But the point I wish to make is, if the competition has not driven American labor out of the cotton field, why should it drive it out of the sugar field?

Mr. HUMPHREY. I am trying to tell the gentlemen my idea about it. It is the same proposition you have as to other commodities—for example, the same argument was made in regard to tin plate. We are now making all the tin plate here that we use, and more too. The same argument was made also in regard to steel rails. We are now making all our own steel rails, and supplying the rest of the world besides. If you allow this beet-sugar business to get a foothold and be kept well going, I will guarantee that the American inventive genius will take care of the sugar business, and at no great future period of time. But I tell you you can not start an industry and get capital into it, and before it gets on its feet and gets fully started expect to compete with the whole world. Your industry will be strangled at the start. If you try to do it, capital will be destroyed, and the business will be broken up.

That was illustrated in the case of the history of tin plate. Just as soon as a manufacturer had gotten well under way the foreign competitors would dump their tin plate in here and undersell him, and then when his mill was shut up they would put up the price again to where they pleased. Now, however, with adequate protection, we make all the tin plate we need in competition with the world.

Mr. CLARK. How long do you think this tariff should stay on in order to give this beet-sugar industry a good start?

Mr. HUMPHREY. It should stay on until those people who have invested their money can get an adequate return—until that time has arrived when we can produce all the sugar which Americans consume.

Mr. WILLIAMS. Would you take it off then? Suppose we began to sell beet sugar to foreign countries, would you take the duty off because we were then adults in the sugar business?

Mr. HUMPHREY. It would depend on whether or not, under the labor conditions of the world, our labor conditions at that time were such that in order to produce sugar with American labor, or produce any other product, protection was needed to counterbalance conditions. We should protect the American laborer against the competition of the laborer of the whole world, and I would try to put the American laborer on such a footing that he would receive wages under the American standard. I would keep on the duty on articles so long as the labor conditions were different in this country from what they are in other countries. I would put the protection at such a figure that the American laborer would receive his price, and I would fix it so that it would meet the difference in the condition between this country and elsewhere.

Mr. CLARK. The tariff on steel rails has been on 'ever since 1861, has it not?

Mr. HUMPHREY. I think so.

Mr. WATSON. No; not since 1861.

Mr. CLARK. There has been a tariff on steel that long.

Mr. WATSON. There has been a tariff on steel rails since 1872.

Mr. CLARK. What I want to know is, if they insist on this because it is an infant industry, how long is it going to stay on?

Mr. WILLIAMS. We want to know when an industry is of age?

Mr. HUMPHREY. It is of age when it performs the functions it is established to perform.

Mr. DALZELL. The protective tariff has been in the interest of American industries as against foreign industries. This proposition is to put on a tariff, or retain a tariff, as between two parts of the United States.

Mr. WILLIAMS. Do you mean to state that the Philippines are a part of the United States?

Mr. HUMPHREY. It strikes me that the proposition here is quite a large one, as to how we are to treat the Philippines. I had always understood that we were simply treating the Philippines as a ward, and not as one of our own children—as a ward that we were civilizing and Christianizing and enlightening and fitting for self-government—a ward whom we would civilize and then might turn loose as a foreign nation.

Mr. DALZELL. Exactly as we have been treating Porto Rico and Hawaii and our other possessions. You would not put a tariff on in order to equalize conditions as to production of sugar in various parts of the United States—as between Utah and Michigan?

Mr. HUMPHREY. The reason is this: We do not understand, in the first place, that Congress is treating the Philippine Islands either as a Territory or as a State.

Mr. DALZELL. Oh, yes; we are.

Mr. HUMPHREY. Is there a Territorial congress or are there Territorial laws the same as in our regular Territories?

Mr. DALZELL. There is a great deal better government in the Philippine Islands than there is in Alaska.

Mr. HUMPHREY. While that may be true, if I understand the difficulty in the Philippines correctly, we are attempting to do noth-

ing with the Philippines except to fit them for self-government. I do not know of any people within the borders of this country that we are doing that with, or attempting to do that with. Now, if this tariff was put on here for the purpose of taking it out of those people, I should consider that probably it would be an unjust discrimination against them. But does not every cent of duty that is paid by them go back to them as revenue for the purposes of their government, to be used by themselves? We are not taking it from them. We are, in other words, raising their taxation for them. It is a means provided by us of raising taxation for them. We make nothing ourselves by it.

The CHAIRMAN. They do not get much out of it.

Mr. HUMPHREY. They get it all.

The CHAIRMAN. That does not amount to much, as long as you keep this at 75 per cent. It does not amount to much.

Mr. HUMPHREY. I understand that is true, Mr. Chairman, that it does not amount to much; but throw it down, lower it so that sugar comes in here at 42 cents duty, and at the freight rate which I have stated, and if they can produce the sugar from 60 cents to 100 cents per 100 pounds and pay a 30-cent rate—say it was \$1 a hundred, and a 30-cent rate, it would be \$1.30 per hundred, and the duty would make it \$1.72 per hundred, and then put it into New York at \$1.72—that, I say, would amount to a great deal in its destructiveness.

Mr. CURTIS. If we took off the export duty from the Philippines, would we not have to purchase a vast amount of sugar elsewhere to supply the United States?

Mr. HUMPHREY. Unquestionably so. I understand there are over 150,000,000 acres in the Philippines adapted to the production of sugar. It is stated that the land produces 40 tons of cane to the acre, and that 8 tons of that cane produces 1 ton of sugar.

The CHAIRMAN. Now, Mr. Humphrey, right there, it has been stated here that a reason why their sugar can be produced and laid down in New York at \$2.64, or \$1.64—

Mr. WATSON. One dollar and sixty-four cents—

The CHAIRMAN. While our sugar sells at 4 cents a pound—the reason why there has not been more of it is said to be that they find a better market nearer home. Now, why is it, if they can do better nearer home, if they have a profit of \$1.40 on their sugar, if they can do better than that, why is it that the production of sugar in the Philippine Islands, with all these great possibilities, is only 98,000 tons a year, and much less than it was six or eight years ago?

Mr. HUMPHREY. The reason is that within the last four or five years they have been engaged in war over there and insurrection and disturbance, and those things have upset not only the sugar business, but all other business.

The CHAIRMAN. War in the sugar part of the islands?

Mr. HUMPHREY. The whole islands were suitable for the raising of sugar.

Mr. PALMER. There is another reason, and that is they have lost their laborers there, owing to the insurrection and the famine consequent upon a crop failure. They are gradually supplying them now. You know we appropriated \$3,000,000 to help them.

The CHAIRMAN. But aside from all that, you claim there is a better market for the Philippine sugar in Japan and in China. Of course,

they have had that market for years, and before this last famine the production ran down from year to year. Why is it?

Mr. HUMPHREY. I will say, Mr. Chairman, we are not afraid of the Filipino, if he is all we have to contend with. I would not be afraid of that at all. You make this tariff as low as this reduction will make it. Take off 84 cents more on each hundred pounds of sugar, and you will find millions of capital to go to the Philippines for investment, with the best kind of machinery; and they will flood this country.

Mr. GROSVENOR. That is guessing. What becomes of those markets that are now supplied with the Philippine sugar? Why do they not go and increase now, when those markets are open to them? They are producing sugar cheaper than anybody else in the world, you say—at half price, and less than that. Why do they not increase their production and meet the markets of the world?

Mr. HUMPHREY. They are a half-civilized and half-enlightened people.

Mr. GROSVENOR. I understand; but why does not American money, that has now most of the markets of the world for this cheap sugar—why has not American money gone there to produce cheap sugar for that market? They can never produce such sugar here. That market will still be far better than this market. Why do they not go there?

Mr. HUMPHREY. Under the Spanish rule capital did not care to invest.

Mr. GROSVENOR. They are not under Spanish rule now.

Mr. HUMPHREY. No; but since the occupation, if you will read the report of the Taft Commission, you will find that the discharged soldiers of the American Army are buying these sugar lands and going into the production of sugar, and if they can get the reduction they are now working for there are millions of capital ready to go in there and produce sugar.

Mr. WILLIAMS. Would not that be a welcome part of our plan of benevolent assimilation? Would it not enable us to assimilate and Christianize and industrialize these wards of ours?

Mr. HUMPHREY. There is no question but that it would be. I can say, from a philanthropic standpoint, that you are absolutely correct. But what the sugar people can not understand is, how people are so ready to Christianize and enlighten all the heathen on the face of the earth at the expense of our home sugar industry. [Laughter.]

Mr. GROSVENOR. And thus heathenize our own industries?

Mr. HUMPHREY. Yes; why are we to enlighten the heathen at our expense?

Mr. WILLIAMS. Do not the Filipinos occupy a different relation to us than the natives of Borneo, or the Sumatra, or the Spaniards, or other countries? Have we not them under our flag, and have we not pretended that our purpose in placing them under our flag was to protect them? Are we to exploit our wards when we are their self-appointed guardians for the benefit of our children?

Mr. HUMPHREY. No; I do not believe we should take in an outcast and then strangle all our own children in order to dress that outcast in silk attire. I believe our own children have more claim upon us than the outcast. I am an American, pure and simple. I believe in America and in the American people. I do not believe in going out



to the ends of the world to Christianize and civilize and enlighten all the face of the earth to the exclusion of our Americans here at home.

Mr. WILLIAMS. I agree with you about that, but that is a narrow Democratic heresy. [Laughter.]

Mr. HUMPHREY. I understand, but that is the kind of narrow Democratic heresy that has always been instilled into me. But all these philanthropic and high-flown notions for the benefit of the heathen always seem to be worked out at the expense of somebody else. Those benevolent people desire to be liberal, but they want the whole thing to come out of the sugar industry. In this instance they are ready to saddle a portion of it onto tobacco. But it seems to me, gentlemen, we have poured money and are pouring money into the Philippines. There are between 300 and 400 millions of dollars gone into the Philippines now from the American Treasury.

Mr. GROSVENOR. Where did that go? You are reciting a lot of campaign stuff now that has not the slightest foundation in fact and was completely discredited.

Mr. HUMPHREY. Is not that the cost of the Spanish war?

Mr. GROSVENOR. What has that to do with it? The Philippines came to us after the Spanish war.

Mr. HUMPHREY. The Philippines came as a consequence of the Spanish war.

Mr. GROSVENOR. That is the worst stump speech that I ever heard.

Mr. CLARK. Or ever made. [Laughter.]

The CHAIRMAN. When Cuban reciprocity was under consideration before us, were you not charging that whole expense to Cuba?

Mr. HUMPHREYS. Now, I think you should charge that to the Philippines. [Laughter.]

Mr. WILLIAMS. Poor devil! We took him without his consent, and we have to charge him up. [Laughter.]

Mr. HUMPHREY. If this policy is carried out it will be one of the most disastrous things that ever happened to the country—if we have to take these people and make them a part of the United States of America, or perhaps admit them into this country as a State. I supposed, of course, that that was not the idea at all. I supposed that they are to have their own government in time.

Mr. GROSVENOR. They have pretty nearly their own government now.

Mr. HUMPHREY. Yes; and if they get the duties lowered to equalize the difference between our labor and theirs—and it goes back to them—I do not see what they have to complain of. Do we gain anything by opening our markets to them? I do not see how we gain anything in this country by doing that, and the only thing we accomplish is disorder to the industries of this country, in which American laborers are employed.

Now, as I said, I have some figures that I desire to present to the committee, and I can present them in the morning.

Mr. FORDNEY. Mr. Chairman and gentlemen, Mr. Clark asked me a question, and Mr. Humphrey was called upon to answer. I would like to answer. One of the questions asked was, "What does it cost to transport sugar from the interior of the islands to Manila?" I am unable to answer that. You say that it is important and should be answered. That is true, but I do not believe the opponents of this

bill should be asked those questions. That and other questions should be put to the friends of the measure.

The CHAIRMAN. Undoubtedly that will follow, but you stated the cost of sugar laid down in New York, and the cost of freight from the islands to the port of Manila is an important question.

Mr. FORDNEY. Yes. Let me say further, I represent in part a State where there is a great deal of sugar produced from sugar beets. It is an important industry in the State. The gentleman who has the honor of introducing this bill does not represent a State that produces a pound of sugar beets. Is not that right, Mr. Curtis?

Mr. CURTIS. We do raise some sugar beets, but all our factories went to the wall a good many years ago.

Mr. FORDNEY. If the measure proposed should not affect the imports from the Philippine Islands to the United States, I should stand shoulder to shoulder with you. If there were iron mines in the Philippine Islands that could produce iron at four times the value per ton that can be produced in the iron mines in the United States, I would stand with the gentleman from Pennsylvania [Mr. Dalzell] in opposing the reduction of the duty on iron from the Philippine Islands.

Mr. CURTIS. If I thought the reduction of this duty would injure the industry of Michigan, I would not have introduced it and I would not now support it. But I believe if we take all the sugar that is exported from the Philippine Islands, if we should get it all, we would still have to import hundreds of thousands of tons of sugar, and no harm consequently could come to the people of Michigan therefrom or to any other State of this Union.

Mr. FORDNEY. I believe that the gentleman from Kansas is in error. If I am correct, he favored the Cuban reciprocity on several of the contentions, and I am able to show, as every man on this committee is able to show, that our exports to Cuba have not increased materially, not sufficiently to mention, while our imports, on the other hand, from Cuba are climbing skyward.

Mr. WATSON. Is it not also true, Mr. Fordney, that all the disasters that you and your friends predicted on account of the enactment of the Cuban reciprocity measure have not come to pass?

Mr. FORDNEY. No, sir; a portion of those things have occurred, and if you give them time they will all occur. Two factories in my own town are now in the hands of a receiver, since the adoption of the Cuban reciprocity provision. Not one new company in Michigan could be induced to put its money into the sugar industry, because that bill puts into the hands of the sugar trust a club to crush out that industry.

Mr. WATSON. How in the world could it injure your State of Michigan when the price is higher now than it was then?

Mr. FORDNEY. The price of sugar to the consumer is higher than it was in 1903, and the price of raw sugar laid down in New York is less than it was in 1903.

Mr. WILLIAMS. Beet sugar comes out refined, does it not?

Mr. FORDNEY. Yes.

Mr. WILLIAMS. As far as beet sugar is concerned, it is refined sugar, is it?

Mr. FORDNEY. Yes, sir.

Mr. WILLIAMS. And refined sugar commands a higher price?

Mr. FORDNEY. Yes, sir.

Mr. WILLIAMS. How, then, can the increase of price in refined sugar have destroyed the industry in Michigan? How can that account for those two companies you mention going into the hands of a receiver?

The CHAIRMAN. Did you not mention a few moments ago that for two years the crop of beets has substantially failed?

Mr. FORDNEY. It was not a failure, but—

The CHAIRMAN. You had a poor crop? Does not that account for the receivership?

Mr. FORDNEY. I do not know.

The CHAIRMAN. You said that the trust had done it?

Mr. FORDNEY. No, sir; I did not intend to say that the trust had done it. But I do say that the trust is interested in those factories, and they are the only two factories in the State that are in the hands of a receiver.

Mr. COOPER. There was a decrease in the tariff on Cuban sugar?

Mr. FORDNEY. Yes, sir.

Mr. COOPER. And an increase of price?

Mr. FORDNEY. Yes, sir.

Mr. COOPER. And an increase of importations into this country?

Mr. FORDNEY. Yes, sir.

Mr. COOPER. How is it that the tariff has gone up and the production increased and the price increased?

Mr. FORDNEY. Because, my dear sir, the American Sugar Refining Company controls absolutely the sugar industry in this country.

Mr. COOPER. True; oh, king, live forever!

Mr. HUMPHREY. The sugar production of the world is less by 800,000 tons this year than in previous years. The supply and demand always regulate the price. With an 800,000-ton shortage of sugar in the world—

The CHAIRMAN. Is not that largely on account of the withdrawal of bounties on sugar beets?

Mr. HUMPHREY. It comes from two causes: It comes from the abolition of the cartel in Germany and it comes from the drought in Germany and a short crop. The beet production is nearly 1,200,000 tons short, while the cane production is practically 400,000 tons in excess. But the net production is 800,000 tons less than it was last year. In addition to that, there is a practically 10 per cent increase in consumption. You take that in connection with the fact that there has been an 800,000-ton shortage and it has raised the price of sugar just as the price of wheat is raised on the same grounds. Wheat has gone up higher in proportion than sugar. Cuban reciprocity hurt us in this, that the price of sugar in New York is less to-day than the price in Hamburg; and that has been brought about by the sugar coming in from Cuba; and the sugar coming from Cuba into this country makes the New York market lower than the Hamburg market. Now we are up against the fact that we are getting 29 cents a hundred pounds less than we would have got if it had not been for the Cuban reciprocity. They reaped the benefit.

Mr. COOPER. How much revenue have we lost?

The CHAIRMAN. When the hearings on Cuban reciprocity were conducted before this committee it was stated that the price of sugar

in New York was less than at Hamburg. Was not that the contention on the part of people who opposed reciprocity?

Mr. HUMPHREY. I was not here; I can not say.

The CHAIRMAN. It was disputed. People on both sides claimed differently. But the claim was made with reference to Hawaiian sugar as well as Porto Rican sugar.

Mr. HUMPHREY. I take my information from the trade journals and the sales and markets reports.

The CHAIRMAN. After that had been thoroughly examined and the freight rates calculated, it was found that it was a mistake, and the price in New York of raw sugar corresponded with the price in Hamburg. That was the result upon investigation. I do not know what the fact is to-day. It was claimed on the part of people opposed to reciprocity that there was that difference, and when we examined the freight rates and all the different matters connected with the transportation of sugar between Hawaii and Porto Rico and the ports of the world it was found that the sugar trust had not the power to lower prices as contended.

Mr. HUMPHREY. I did not lay it to the sugar trust any more than to this extent: Here is this great amount of sugar, 1,200,000 tons of sugar made in Cuba. They bring it here and are anxious to get a market, and people buy it as cheap as they can. Their nearest market is the United States, and it for that reason that they are in here in such quantities that they put the price of sugar down. They nearly supply the amount that the American nation needs now.

Mr. COOPER. How much revenue has the Government of the United States lost in consequence of the Cuban reciprocity treaty?

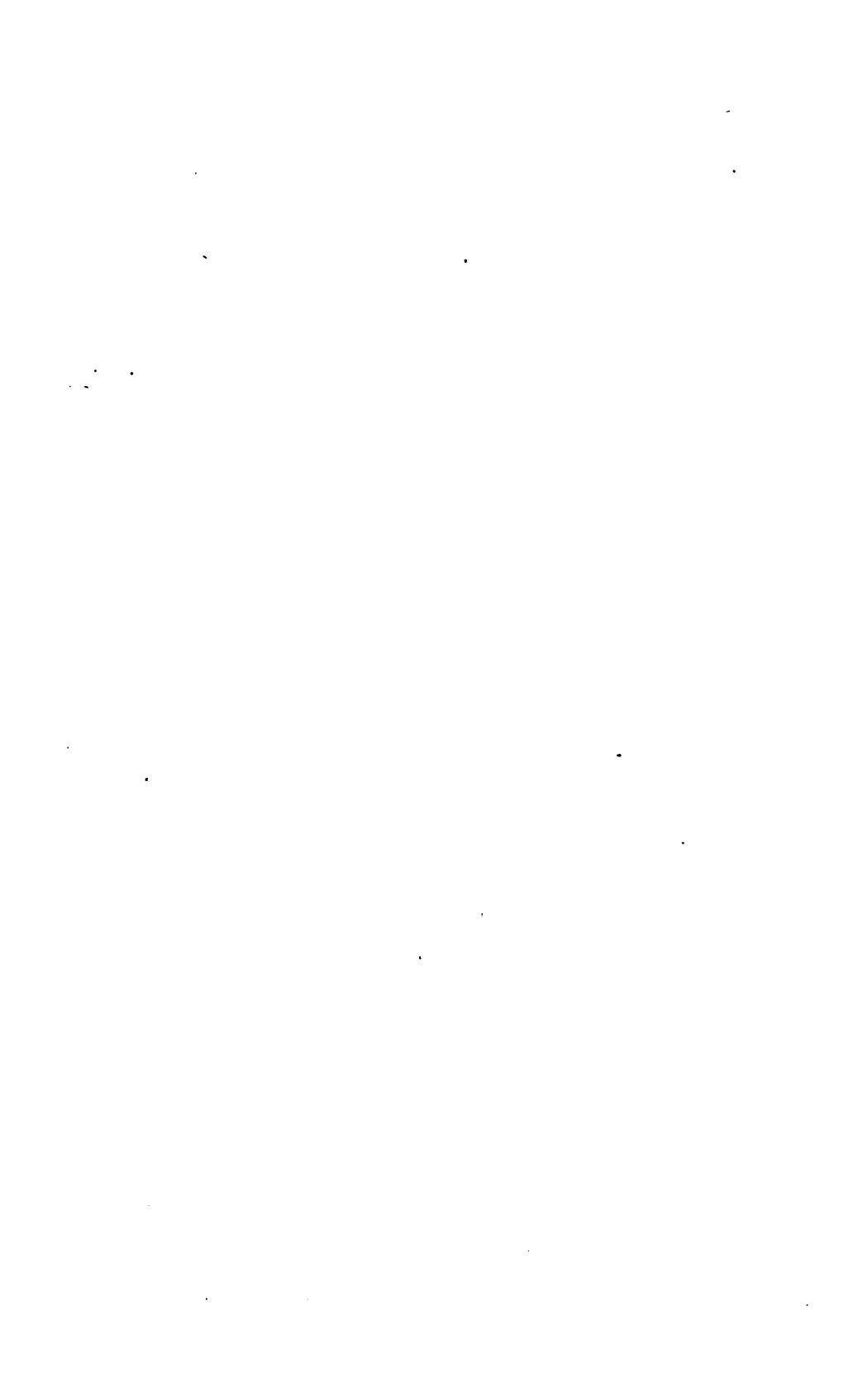
Mr. HUMPHREY. The Government of the United States has not lost very much, but the Government of the United States is taking it out of the sugar producer and giving it to the Cubans—it seems to me on that principle of benefiting every nation in the world other than your own.

Mr. COOPER. If the tariff had been continued, a greater sum would have gone into the Treasury, would it not?

Mr. HUMPHREY. No; I do not contend that the tariff increases the revenue to the Government. A low tariff often produces the largest revenue, and a high tariff oftentimes produces quite a limited amount of revenue.

The CHAIRMAN. It is now nearly 12 o'clock, and the committee will have to adjourn. Inasmuch as you gentlemen are not prepared to proceed further to-day, without objection the further hearing will be postponed until to-morrow morning at 10 o'clock. The members will please come promptly at that hour.

Thereupon, at 11.50 o'clock a. m., the hearings were suspended, and the committee proceeded to the transaction of other business.



## SUGAR.

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COMMITTEE ON WAYS AND MEANS,  
*Tuesday, January 24, 1905.*

The committee met at 10 o'clock a. m., Hon. Sereno E. Payne in the chair.

The CHAIRMAN. Gentlemen, we are ready to proceed.

### STATEMENT OF MR. TRUMAN G. PALMER, SECRETARY AMERICAN BEET SUGAR ASSOCIATION.

Mr. PALMER. Mr. Chairman, before proceeding I should like to ask one question. Mr. Curtis introduced this bill, and I would like to inquire if Mr. Curtis is the author of the bill, or, as is generally understood, the Secretary of War is the author of the bill?

Mr. CURTIS. The bill was drawn in accordance with the recommendations in the message of the President and the report of the Secretary of War.

Mr. PALMER. I would like to renew my request, that inasmuch as the Secretary of War is here—

The CHAIRMAN. The committee will hear the Secretary of War at his convenience. If you desire to be heard now you may proceed.

Mr. PALMER. Inasmuch as we are to shoot in the air, so to speak, not having the statements in favor of the bill, I would like to ask if we can be assured of ample time, after the people favoring the bill have testified, to put in rebuttal?

The CHAIRMAN. The committee, as you know, passed a resolution to close the hearings this week, and, of course, they will probably enforce that. We shall endeavor to get the Secretary of War here and will give you opportunity for replying, but I do not mean that all the people shall appear and go on and make their statements again.

Mr. PALMER. No; but we are now firing in the air.

The CHAIRMAN. I do not think you are shooting in the air very much. I think this is not an unfamiliar subject to you, Mr. Palmer, and the gentlemen who appear here.

Mr. PALMER. But I would like to have reasonable assurance that one or two of us can appear before the committee after the Secretary of War is heard.

The CHAIRMAN. We will try to arrange that.

Mr. CLARK. It seems to me, with all due regard to all that, that

the Secretary of War should have the closing of the hearings as he holds the affirmative.

Mr. PALMER. It is a question whether or not he does.

Mr. CLARK. He certainly does; he is the proponent of the matter in a general way.

The CHAIRMAN. The Secretary of War was busy yesterday before the Committee on Military Affairs. To-day has been set down by the committee to hear Mr. Palmer and such other gentlemen as might appear, and to-morrow the people interested in the tobacco industry are to be heard.

Whom do you represent?

Mr. PALMER. I am the secretary of the American Beet Sugar Association, an association of manufacturers of beet sugar.

We protest against this bill because it brings us in closer competition with cheap oriental labor, which has always been fought against and legislated against from time immemorial. We protest against it also because recent legislation has been enacted whereby a million and a quarter tons of Cuban sugar comes in at a reduced rate of duty.

When the Dingley tariff bill was passed in 1879 the home production of beet sugar received special attention at the hands of Congress; it was spoken of on the stump, it was in the national platform, and all that. If any American industry was ever promised continuous protection by the Republican party, it was the beet-sugar industry.

Relying on the good faith of the party we have put some \$40,000,000 into the beet-sugar business and the production has increased from 40,000 tons in 1896 to 260,000 tons in 1903.

When the Dingley tariff bill went into effect in 1897 all foreign sugar except 200,000 tons from Hawaii paid the full tariff duty. Since that time Hawaii has been annexed and her crop has been increased from 200,000 tons to 400,000, and Porto Rico has increased her crop from 35,000 tons to 155,000 tons. We have granted a 20 per cent reduction to Cuba on a million and a quarter tons, and we have assumed the government of the Philippines, and the Philippine sugar crop this year is estimated at 145,000 tons.

While we have gone ahead in good faith and invested money at the rate of over \$5,000,000 a year and have increased the home production since 1897 at the rate of nearly 100 per cent a year, Congress has been whittling down the sugar tariff country by country until to-day 1,900,000 tons enter our ports either free of duty or at a reduced duty, as against 200,000 tons in 1897.

Now, it is proposed to enact further tariff-reduction legislation for the purpose of enormously stimulating the production of sugar by half savage barbaric oriental tribes. I asked the Secretary of War the other day if they needed more than 2,500 acres of land for any corporation over there. There was a bill in Congress last year to increase the present limit of 2,500 acres which a corporation may own to 25,000 acres, and I asked if they needed more than 2,500 acres for the present sugar growers, or for the production of hemp or rubber, or coffee, or cocoa, or cocoanuts, or anything else the islands produce, except to establish great sugar plantations; and he admitted to me that they did not. The Philippines may not be technically a foreign country, nor are they technically a part of the United States, or they would come under the Dingley tariff laws, and when this Cuban treaty went into effect it was certainly understood, at least on the

Senate end, that there should be no further tinkering with the sugar schedules of the tariff while that treaty continued in effect.

The CHAIRMAN. Did they not put that understanding in the treaty?

Mr. PALMER. Not entirely; no, sir. There was another understanding, Mr. Chairman, and that was this: You perhaps remember that at that time our surplus revenues were approximately \$50,000,000 a year and there was talk of tariff reduction at that time, and it was taken up by one of our friends at the other end of the Capitol with the other Republican members of the Finance Committee and they stated frankly and unequivocally that if tariff reduction did come, sugar in accepting the twenty per cent reduction to Cuba should be considered to have received its "medicine."

The CHAIRMAN. That does not affect the Philippines?

Mr. PALMER. No, sir; that is true. It only shows to what extent we were assured that if that thing was done we could go on and develop our industry.

The CHAIRMAN. That is a matter for the Senate to take care of. You do not claim any such thing so far as the House is concerned?

Mr. PALMER. No, sir.

A large portion of the cost of producing sugar is labor in field and factory. In the Philippines labor commands but a comparatively few cents per day, while we pay from \$1.50 to \$2.50 in the field and even more in the factory.

The American beet-sugar factories are being operated in a protective tariff market under the most expensive conditions in the world, whereas the sugar industry of the Philippines is operated where everything tends to the lowest possible cost of production. When the Cuban agitation came up we had 86 new sugar factories projected, according to Government reports. Those have been abandoned.

There have been practically no new sugar factories erected since the Cuban agitation in 1901, except where arrangements had already progressed so far as to make it impossible to cancel them. Some places where the contracts were so far advanced that they could not recede they have gone on and completed their factories. Now, the thing is settled down and the world conditions of sugar have changed. Instead of having a surplus of a million tons, Europe is producing less sugar on account of the signing of the Brussels agreement, prices have gone up, and capital is again looking to investment in this industry. The State of Iowa is looking for new factories. I received a letter this morning from there stating that if there should be any reduction in this Philippine tariff their contracts certainly would not be signed, and it does appear to us rather hard that just as we begin to get on our feet again something of this nature should come up and give us another blow which will put us flat on our backs. I will not go into the wage rate in the Philippines at present.

Mr. CLARK. If it will not interrupt you I would like to ask you a question—

Mr. PALMER. Very well.

Mr. CLARK. Your main argument in this whole matter is that under certain conditions promises were made and you have gone on and done certain things. Have you not known all the time that the chances were that if we kept the Philippines we would do the very thing proposed in this bill?



Mr. PALMER. It is a pretty hard thing to guess what Congress will do.

Mr. CLARK. I know; but did not all the signs indicate that a bill of this character would be passed in a comparatively short time, if we kept the Philippines?

Mr. PALMER. I did not know that anything of that kind had occurred up to 1897, when the Dingley bill was passed.

Mr. CLARK. We did not have the Philippines then. I am talking about what happened since. With the Cuban bill before you face and the other things, was it not a fair warning to you that within a comparatively short space of time, if we kept the Philippines, this kind of legislation would be enacted?

Mr. PALMER. I do not know that that was a fair conclusion and I think I can show you wherein we could show that it was not a fair conclusion.

Mr. DALZELL. Do you recollect how the press of the country without a single exception, I think, rose up and denounced Congress for neglecting its plain duty in undertaking to keep up a little tariff of 15 per cent with Porto Rico? I do not believe there was a newspaper of any importance in the United States that did not denounce Congress for having a tariff as against one of its possessions and citing Mr. McKinley's phrase that "plain duty" was imposed upon us to relieve them. Do you not recollect that?

Mr. PALMER. I recollect there was a great deal of talk. Do you mean to infer by that that our "plain duty" to the Philippines is the same as to Porto Rico?

Mr. DALZELL. I can not see any distinction between Porto Rico and the Philippines.

Mr. PALMER. On July 1, 1902, Congress passed a bill giving the Philippines a 50-cent dollar. The arguments presented at that time were to the effect that if the employers of labor in the Philippine Islands were to pay their labor in 100-cent American dollars it would double the price of labor. Consequently it must follow that if we continue to allow them to pay their labor with a 50-cent dollar the cost of their labor is thereby cut in half, if their arguments were right when they secured the passage of that bill.

The CHAIRMAN. I was in the committee that framed that bill and the argument was that we must do as little as we could to disarrange the currency of that country. They were then using the Mexican dollar as the basis of their currency, which was only worth 50 cents on the dollar, and the argument was that we should pass a bill that would not disarrange their currency; that if we established a dollar that was worth double the amount, it would go all through the country and disarrange the currency. So we put it on the same basis practically that it was before—that was on the Mexican-dollar basis. We made no change in that respect.

Mr. PALMER. It would disarrange the currency by increasing the price of labor?

The CHAIRMAN. No; that was not the idea at all.

Mr. PALMER. I was not in the committee, but Mr. Tawney, a member of this committee, informed me so at that time. I told him I thought it was wrong and he said that the argument made was that it would simply ruin the employers of labor, and consequently everybody.

The CHAIRMAN. That was not what actuated me. It was because it would disarrange everything.

Mr. PALMER. Whatever the reason may have been, they have 50-cent dollars with which to pay their labor. I had a slight experience in that line once myself. I was interested in a gold mine in California, and we paid our miners \$2.50 a day in Mexican money. Across the line on this side, only a comparatively few miles, were American mines, which paid their miners \$2.50 in American currency, and so when we wanted money to pay the miners we would simply make up our pay roll and would take, say a thousand-dollar check, and go into the bank and get \$2,000 Mexican.

Mr. WATSON. But does not the gentleman understand that Mexico is on the silver basis, and the Philippines are on the gold standard?

Mr. PALMER. Yes, sir; but they have not a hundred-cent dollar.

Mr. WATSON. But it is measured in gold because the Philippines are on the same monetary system that we have.. They have a peso, a 50-cent piece, it is 50 cents gold value. It is measured by the gold standard.

The CHAIRMAN. Is not the real question, What are the actual wages in gold? In order to make a comparison of our people with those people, is not that the real question?

Mr. PALMER. That is one question. I am trying to show this: That if we are to put the Philippines on an equal basis with the United States it is not simply necessary to do away with our tariff against the Philippines, but in all justice to the laborers of the United States we must take away the special privileges which have been granted to the Philippines, and which we do not enjoy, and which neither Hawaii or Porto Rico enjoy, and the coinage is one of those special privileges.

Mr. BOUTELL. I have seen it suggested by economical and social writers that the reason why certain industries, notably flax, raw silk, and the cultivation of the sugar beet, do not grow extensively in this country is because the labor involved in those three industries is to a very large measure contrary to what you might say was the genius of our people. That sugar-beet culture is very profitable in Europe on account of the large employment of women and children in the cultivation, and that there are certain peculiar characteristics in the flax and silk culture. What are the facts in reference to the difference between the United States and European labor as to the sugar beet?

Mr. PALMER. Of course, they do work women and children to a greater extent than we do. That, however, I should not say was the main thing. The average American farmer likes to ride through the field with a spring seat under him and a canopy over him. Here he has got to get on his hands and knees to do a small portion of this work. That is the main objection to sugar-beet culture.

Mr. BOUTELL. The freedom-loving American citizens do not like to work on their hands and knees nor like to see their women and children working in the fields.

Mr. PALMER. I made a suggestion to the Department of Agriculture a few years ago which they have taken up. That is, to breed a single-germ beet seed or "beet ball," so that when they come up there will be but one beet in a place and the farmer can come along with a hoe and hoe out what he does not want. That will do away entirely with working on their hands and knees in thinning beets. It is esti-

ated that it will take four years more of scientific work to fix this characteristic in sugar-beet seed, and that when we get it it will not only eliminate the work now done on hands and knees, but will double the farmer's tonnage per acre, as the remaining beets will not be injured by hoeing out the superfluous ones, whereas the pulling out of the superfluous ones to-day does great injury to the remaining ones.

The American laborer must earn money in order to keep a roof over himself and family. The Philippine laborer lives in a hut and neither suffers from inclement weather nor loses caste by so doing. The American laborer can neither forage on wild fruit or vegetables or hook his breakfast from the sea. Every move the American laborer makes costs him hard-earned money, while the bulk of the Filipinos manage to live comfortably without work.

This statement is proven by the fact that while requiring none of our modern necessities or luxuries his exports last year amounted to but \$3.75 per capita.

As I said before, it would be bad enough to place in competition with the American laborer the Oriental tribes devoid of a liking for either the necessities or luxuries of our laborers, but to even do this it certainly does seem to me that you have to do away with that coinage law, which alone cuts the price of labor in half.

Another remark I have often heard is that the Philippine Islands should be placed on a par with Hawaii. That means another change. Hawaii comes under the Dingley tariff. The Philippines do not. They have and enjoy to-day a special tariff, because they represented that they could not live in an Oriental country under the Dingley tariff, which was enacted for a temperate zone, and not a tropical country, which statement, I presume, is true. I am not saying that they can or can not live under our tariff laws, but it they are put on a parity with Hawaii they must come under the Dingley tariff.

Then, another thing. You take the Philippine customs, as compared to Hawaii. I have not the exact figures, but I understand the customs receipts of Hawaii were about a million dollars last year. What became of them? They were turned into the Treasury of the United States. They were not used for paying the expenses of governing those islands, whereas in the Philippines the total revenues last year from customs and internal taxes amounted to \$10,532,054.34, of which 87 per cent, or \$9,215,551.88, was derived from customs dues. Now, if the Philippines are to be placed on a par with Hawaii, those \$9,000,000 must be turned into the United States Treasury, and then they would have to raise by internal taxation sufficient money to maintain the islands. To-day they do not raise enough money by internal taxation to support them for sixty days.

The CHAIRMAN. Hawaii is on the same level with the other Territories, Arizona and New Mexico. We have given a preference and advantage to both Porto Rico and the Philippine Islands because of the difference in civilization, the difference in the business capacity, etc of those two peoples. Congress has made that distinction, rightly or wrongly.

Mr. PALMER. Yes; but was it understood that long before we had gotten much civilization inoculated into those islands that those islands should have not only those advantages I have mentioned

and in addition should have practically the free entry of their products into our protected market?

The CHAIRMAN. I think when the Porto Rican bill was passed I was pretty well convinced that the American people would demand practically free trade to the Philippine Islands, so far as the United States was concerned, as soon as they came under the flag, stopped making war, and behaved themselves. The argument was made in favor of Porto Rico that they had welcomed the flag and had welcomed General Miles and had submitted gracefully. The Philippines were then fighting, but they have now ceased to fight and law and order have been restored, and the time has come when, I think, the agitation of this question before the American people will bring about in a few years free trade with the Philippine Islands.

Mr. PALMER. Is it your idea that it will bring it without taking from them the special privileges which they now enjoy?

The CHAIRMAN. They are on a par with Porto Rico in everything but the currency. When that bill was passed I had great doubt whether we should not put them on the United States basis, but the argument was that it would disarrange business throughout the whole islands, and that it would increase the friction already there and postpone the peace that I thought was to come in the future, which has come now. That was the reason which actuated me in giving my vote for the bill finally passed.

Mr. PALMER. They are on a par with Porto Rico except so far as the currency is concerned? Do I understand that Porto Rico has a special tariff; does not Porto Rico come under the Dingley tariff rates?

Mr. DALZELL. Certainly; but to put the Philippines in the same position as Hawaii, which is your suggestion, means free sugar, of course.

Mr. PALMER. Yes, sir; but if you permit free sugar from the Philippines you should certainly take away the special advantages given her. She is an oriental country and a cheap producing country, and she has enough advantages of her own, but if you are going to leave her all the special advantages and let her competitive products come in to this country free of duty, it would certainly be an injustice to American labor.

The CHAIRMAN. I think she will gradually come to the Dingley tariff and will practically have free trade. I think that is inevitable.

Mr. PALMER. If Congress would consider the subject from a purely business viewpoint, free of all sentiment, I believe Congress would find that not only would the enactment of this bill be injurious to the American people, but that it would be injurious to the Filipinos.

I contend absolutely that this bill is not in favor of the Filipino people. You can travel the world over in the tropical zone and wherever you encounter a sugar estate, there you will find the closest approach to slavery of any industry in the Tropics. A tropical sugar estate means a large area of land owned usually by a corporation, and it is occupied by renters who live in huts, who usually are obliged to trade at "company stores," and who are generally kept in debt from one year's end to the other. That is the general condition existing in the Tropics, and the Philippines are no exception; whereas, you take the other industries of the Philippines—take the matter of hemp, for

instance; the testimony shows that hemp laborers are making from \$2.50 to \$4 a day.

Mr. GROSVENOR. Where did you get that evidence?

Mr. PALMER. I can show you that evidence.

Mr. GROSVENOR. We had a very full and exhaustive hearing a year ago upon the subject of hemp, and I never heard of any proposition like that.

Mr. PALMER. I think I have it right here, but I will certainly give it to the committee before I finish.

Mr. DALZELL. That is a very strong argument in favor of the proposition, that the Filipino people will devote their energies to the raising of hemp rather than sugar.

Mr. PALMER. You will find that wherever hemp is produced in the Philippines, there labor is the highest, and I do not think that nature ever gave any country such a valuable copyrighted product as it gave the Philippines when it gave them hemp. You can not grow Manila hemp anywhere else in the world, and this world to-day is using \$100,000,000 of cheaper substitutes for hemp and would be glad to get hemp if it could, and the area over which it can be produced in the Philippine Islands, according to the report of the Philippine Commission, is simply enormous.

Mr. WATSON. If that be true, if they have practically a monopoly on the growth and cultivation of hemp, whereas there are many countries to compete with them in the production of sugar, do you not think that by and by all the cultivatable area that can possibly produce hemp will be given over to the culture of that product to the exclusion of sugar?

Mr. PALMER. It would eventually.

Mr. CLARK. Which pays the better to the man who owns the land, raising hemp or sugar?

Mr. PALMER. The hemp does, as I understand it.

Mr. CLARK. Would it not be inevitable that the whole crowd would go to raising hemp?

Mr. PALMER. No, sir; I will tell you why. Hemp is a proposition more like the poultry business in this country. The people who go into the poultry business on a very large scale do not make the money that the people do in raising small quantities of it. Hemp is a product where the native can have his five, or ten, or twenty, or forty acres and raise his own hemp. He is subject to no corporation. He can gather his hemp and sell it without going through a corporation; no one stands between him and his market. But when you go to put a vast quantity of money in a single enterprise in the Philippines, that money would naturally go into sugar, because that is the product which is raised to best advantage in large quantities.

Mr. CLARK. Does it cost a corporation any more than it would cost you or me?

Mr. PALMER. You might say the same of sugar. Let me say that the best way to-day would be to raise five or six thousand tons—

Mr. COOPER. Is that land suited to the sugar cane the same as hemp?

Mr. PALMER. I should judge some of it is and some of it is not.

Answering General Grosvenor's question in his annual report to the Philippine Commission under date of January 11, 1902, Mr. J. G.

Livingston, governor of the province of Sorsogon, page 59 of the Senate hearings, says:

The existing price of hemp in this province is so high that an industrious man earns, if he works well, \$4 to \$5 Mexican per day.

I will give you something more recent.

Mr. GROSVENOR. The production of hemp is not necessarily by skilled labor; it is by common labor?

Mr. PALMER. Yes, sir.

Mr. GROSVENOR. Is it possible that you can hire men side by side at the prices we have heard here, ten cents and fifteen cents a day, while other people are paying \$2.50 and \$3 a day for the same class of labor?

Mr. PALMER. I do not so understand it. I understand that where they are producing large quantities of hemp it is practically impossible to get labor to raise sugar. We must consider the fact that the means of transportation and the knowledge as between one province and another are not there as they are here.

Mr. GROSVENOR. We are trying to promote that intercourse by giving them better shipping facilities.

Mr. PALMER. Yes, sir. You take it in the matter of coffee. We import \$70,000,000 of coffee a year, most of it from Brazil. They raise better coffee in the Philippines than they do in Brazil, and the average cost per pound of our imports last year or the year before was 6½ cents a pound, and the exports from the Philippines averaged 12 cents a pound. The reports from the Philippines are that the best Mocha coffee is not superior to the coffee of the Philippine Islands. They used to raise large quantities of it, but the borers devastated the coffee plantations of the islands.

Mr. GROSVENOR. Do they have to have the trees shaded as they do in Porto Rico?

Mr. PALMER. I do not know; but if you wish to stimulate the Filipinos, why not stimulate them to produce the \$70,000,000 of coffee we now import from Brazil?

Mr. GROSVENOR. We are trying to do that.

Mr. PALMER. A man can have a small coffee plantation and he is not subject to a corporation. In building up small plantations you build up a family hearthstone, and you enable a man to rear and educate his family; but when you put him at work for a sugar corporation, living in a rented hut, and keep him constantly in debt, you are not civilizing the Filipino in my judgment.

You take it in the matter of rubber. We are importing between \$28,000,000 and \$30,000,000 of rubber. Rubber trees grow wild in many portions of the islands, and then there is gutta-percha, which is far more scarce than rubber. They tell me that the submarine-cable men of the world are in great straits to know where they are going to get gutta-percha. Why not encourage the Filipinos to produce the rubber and gutta-percha we are obliged to buy from other countries? When we put coffee on the free list, in 1871, we had no territory in which we could produce it, and now when we are importing \$200,000,000 of purely tropical products, not a pound of which can we ever hope to grow in this country, it seems to me that the common-sense view of it would be to encourage those people to produce as much as possible of those things we can not produce rather than to induce

them, through special legislation, to produce those things which compete with us. I think that is a fair proposition.

MR. CURTIS. That the articles you mention should come in free, and we should still retain a duty of 25 per cent on sugar?

MR. PALMER. I do not think the country would censure you if you put a small duty on tropical commodities and turn it all over to the Philippine Islands, Hawaii, and Porto Rico to be used in stimulating those islands to produce as much as possible of those products for which we now pay foreign countries \$200,000,000 annually.

I went through the last report of the Philippine Commission. Each governor of the forty provinces in the Philippine Islands has made a statement therein. I made an abstract of those statements, which I can leave with you. I have it here, but I will not take time to read it. I only want to say that in that summary and in that report there is not a single solitary provincial governor of the Philippine Islands who asks for a lower tariff rate into our market. They were asked to make recommendations as to what was most needed, and they have made recommendations all the way from steam launches to schoolhouses, good roads, and everything of that kind.

I want to call your attention to one of those hemp provinces—the province of Samar. Julio Ilorente, provincial governor. He says:

It may be assured that there will be no real famine in Samar; and with the prices which hemp has commanded, everyone has more or less money, not only enough for living, but even enough to waste. Thus is explained how it is impossible to find here anyone to work; why laborers can not be found except at exorbitant prices. The wage fluctuates between a peso and a half and 2 pesos per day, and the reason is that they earn much money by working in abacá (hemp). It is calculated that one man will work 2 "arrobas" (50 pounds) per day; and as one-half belongs to the workman, and an arroba is ordinarily worth \$4 Mexican, the result is that one workman earns \$4 Mexican per day. So it is that everybody wants to work abacá, and no one wants to hire as a servant or as a day laborer. If a person who is willing to work as a servant or laborer can be found, it is only at high prices.

Abacá and corpa constitute the chief articles of commerce in this province.

MR. GROSVENOR. He quotes 75 cents and a dollar?

MR. PALMER. One and a half and 2 pesos. That would be \$1.50 and \$2, from that in making hemp they get \$4.

THE CHAIRMAN. A peso is worth half a dollar in gold?

MR. PALMER. Yes, sir.

THE CHAIRMAN. That would be from 75 cents to a dollar in gold.

MR. PALMER. Yes, sir, and reducing the other to gold it would be two dollars a day instead of four.

MR. CLARK. What is it the people do who get the lesser sum; what do they work at?

MR. PALMER. I do not know; there are some rice fields.

MR. CLARK. Anything except hemp?

MR. PALMER. Yes, sir; I should judge so.

MR. CLARK. That is about as much as laborers get on farms in this country?

MR. PALMER. Yes, sir; where they grow hemp.

MR. CLARK. Where they do not grow hemp. From 75 cents to \$1.50 you can get all the hands you need.

MR. PALMER. We can not get them on the beet sugar farms.

MR. CLARK. That is peculiar.

MR. PALMER. I will place this paper in the record.

## ANNUAL REPORTS OF ALL PROVINCIAL GOVERNORS OF THE PHILIPPINE ISLANDS TO THE PHILIPPINE COMMISSION.

## APPENDIX "I," FOURTH ANNUAL REPORT OF THE PHILIPPINE COMMISSION, 1903, PART 1, BEGINNING ON P. 731.

*Page 731. Province of Abra, Juan Villamor, provincial governor.*—Principal industries of the province, cattle and timber. Principal agricultural industries, tobacco for export, rice and corn for home consumption. Eighty per cent of the carabaos and cattle killed by rinderpest. Five per cent of the land of the province under cultivation.

*Recommendations.*—(1) That 16,000 piculs of rice be shipped in and sold to the people at cost. (2) That 300 carabaos also be shipped in and disposed of in same way. (3) Opening of wagon road joining Abra and Ilocos Sur. (4) Enactment of a law granting free timber licenses to the poor.

*Page 735. Province of Albay, A. U. Betts, provincial governor.*—Province peaceful and prosperous. Principal industry, hemp. Exports last year, 50,000 piculs; returns from same, \$12,500,000 local currency. Average price of bull carts per day, \$40 local currency. Average price of a carromata, \$25 per day. Exports of ilang ilang, \$500,000. Exports of copra, \$300,000. Produced of sinamay, \$3,250,000. Exports of same, \$1,000,000. All hemp laborers work on shares, half and half. Seven hundred and twenty thousand dollars a year has been saved by constructing a wagon road to the coast and by adopting modern wheels on the traffic vehicles. Traction engines have been brought in to convey hemp to the coast and rice to the interior. Four hundred bicycles and numerous automobiles have also been imported. Prices of ordinary labor per day, \$1 to \$1.50, local currency. Hemp press workers average \$2 per day. Carpenters and masons average \$2.50 per day. Longshoremen average from \$3 to \$7 per day. Beneficiador of hemp lates and two members of family average from \$8 to \$10 per day. Price of labor has risen several hundred per cent and rents have increased 300 per cent.

*Page 741. Province of Ambos Camarines, James Ross, civil governor.*—Peace prevails; principal product is hemp; export of hemp, 251,969 piculs; other exports are ilang ilang and copra; planters have turned from rice production to hemp; demand for labor is greater than the supply. There is a great boom in opening up new hemp lands, with constantly increasing demands for labor, and wages steadily increasing; day near at hand when all labor will be taken up and further expansion necessarily cease. Other products of the Province are rice, corn, coffee, cacao, sugar cane, cotton, cocoa, and copra. There are practically no carabaos left. Province covers 1,000 square miles and has 135 miles of roads, of which 15 are in good condition, balance poor; would cost \$400,000 to repair; good roads greatly needed.

*Page 749. Province of Antique, A. Salazar, provincial governor.*—Population of the province 114,000; principal resource, agriculture; principal crop is rice, with which can feed whole province; average product, 1,500,000 cavanes; sugar formerly raised in quantities, but war and lack of work animals caused practical abandonment. Since 1901 great quantities of hemp have been planted. Other crops are copra, coffee, and cocoa. There are not 200 head of cattle left in the province, and the horses are now dying from surra. There are no passable roads in the province, and they are greatly needed. Peace and good order prevail. Despite lack of animals, fields are cultivated and the farmers always reap their just rewards.

*Page 755. Province of Bataan, J. H. Goldman, provincial governor.*—Main resources of province are agriculture, fishing, and timber. Principal products are rice and sugar. Two-thirds of the rice fields are planted. Twenty per cent of sugar lands are planted. The loss of acreage in both caused by lack of work animals and locusts. No want reported in this province.

*Page 756. Province of Batangas, Simcon Luz, provincial governor.*—Sole source of wealth is agriculture, which is completely depressed. Ninety per cent of the draft animals were lost by rinderpest. Money needed to restock province. Need agricultural loan and mortgage banks. Rice and sugar are the principal crops, together with some hemp.

*Page 759. Province of Benguet, William F. Pack, provincial governor.*—Best roads in province were but trails; now have 200 miles of good roads. Paid road builders 40 cents per day and up. Six hundred and ninety-two people died of cholera. New houses, new rice fields, and new coffee plantations throughout province. All pueblos in good financial condition.



*Page 761. Province of Bohol, Aniceto Clarin, provincial governor.*—Agriculture is prostrated on account of calamities of rinderpest, locusts, and cholera. Condition in the province precarious, but people not yet needy. Not over 30 per cent of the ordinary crops will be harvested. Need work animals; also new bridges and roads.

*Page 766. Province of Bulacan, Pablo Tecson, provincial governor.*—Commerce and industry beginning to flourish. Cholera, locusts, drought, and lack of work animals reported. Agriculture the sole source of wealth. Fifty to 60 per cent of animals dead. Need agricultural banks to establish agriculture. "Usurers exploit the people."

*Page 769. Province of Cagayan, G. Gonzaga, provincial governor.*—Province peaceful and tranquil. Rinderpest has kept up for years throughout the province. Have also suffered from smallpox, locusts, and cholera. Tobacco prices low. Recommends agricultural banks and capital.

*Page 744. Province of Capiz, D. C. Shanks, provincial governor.*—Ninety per cent of the carabaos are dead. Also suffer from cholera and surra.

*Page 780. Province of Cavite, D. C. Shanks, provincial governor.*—Principal crops are rice and hemp. There are many new plantations of hemp. Roads are bad and have suffered from locusts.

*Page 792. Province of Cebu, Juan Climaco, provincial governor.*—Province exclusively devoted to agriculture. Much sugar on a small scale. Tobacco crop about the same as formerly. Roads are bad, and have suffered from cholera and rinderpest. All crops except hemp and copra decreased on account of rinderpest. Sugar production fell off 75 per cent.

*Page 814. Province of Ilocos Norte, Julio Arcaoli, provincial governor.*—Have suffered from rinderpest and locusts. Roads are poor.

*Page 818. Province of Ilocos Sur, M. Brisologo, provincial governor.*—Agriculture looking up after war and suffering from rinderpest. Animals are increasing. Principal products are rice, sugar, maguey, and indigo. Rice crop is fair. Sugar crop good. Maguey increasing and indigo decreasing.

*Page 821. Province of Iloilo, Martin Delgade, provincial governor.*—Condition critical. Suffering from rinderpest and cholera. Seven-tenths of the land is unplanted. Desires Government to purchase rice and carabaos.

*Page 825. Province of Isabela, Francisco Dichoso, provincial governor.*—Suffered from locusts. Roads very bad.

*Page 827. Province of La Laguna, Juan Cailles, provincial governor.*—Roads are bad, but agriculture is prospering as never before. Have suffered from rinderpest. Cocoanuts are the principal product. Natives plant great areas. Natives make \$3 a day gathering cocoanuts, for which they receive \$1 per 1,000.

*Page 829. Province of Union, J. Ortega, provincial governor.*—Agriculture suffering greatly, especially rice. Production reduced 60 per cent. Causes: Cholera, drought, and scarcity of animals. Tobacco plantings small, owing to drought. No assistance asked for.

*Page 833. Province of Lepanto-Bontoc, William Dinwiddie, provincial governor.*—Rice is the great product. No depression reported.

*Page 836. Province of Leyte, J. H. Grant, provincial governor.*—Hemp is the big crop. It requires the least labor and yields greatest return. 75 per cent of the carabaos are dead. No suffering. Roads and bridges bad.

*Page 853. Province of Masbate, Bonifacio Serrano, provincial governor.*—Cutting timber is the principal business. Large increase in planting hemp and cocoanuts. Recommends repair of roads and construction of telephone lines.

*Page 856. Province of Mindoro, R. S. Offley, provincial governor.*—Needs roads and telephone lines. No suffering reported.

*Page 858. Province of Misamis, Manuel Corrales, provincial governor.*—Nothing reported.

*Page 862. Province of Nueva Ecija, Epifanio de las Santos Cristobal, provincial governor.*—Agriculture prostrated by reason of rinderpest, locusts, and worms. Roads are bad. Recommends construction of telephone lines and schoolhouses.

*Page 864. Province of Nueva Vizcaya, L. E. Bennett, provincial governor.*—Needs roads. Agriculture is the principal occupation. Chief industry is rice. Almost impossible to hire men by day wages. When they can, they work for natives at 20 cents Mexican per day and food; 40 cents without food to foreigners. Produce all their needs except clothing, for which they exchange rice. Clothing costs about 2 pesos a month: food, 3 pesos. Rice and tobacco principal products.

*Page 871. Province of Occidental Negros, L. Locsin Rama, provincial governor.*—Agriculture is the principal occupation. Sugar, rice, corn, tobacco, and hemp are principal products. Wages on public works, 40 cents per day, Mexican. Need roads. Suffering from despotic reign of usury. Sugar and rice greatly decreased. Corn and hemp increasing. Indispensable necessity is agricultural banks to loan capital at reasonable rate. Suffering from cholera.

*Page 890. Province of Negros Oriental, Demetro Larena, provincial governor.*—Roads are poor. Seventy per cent of carabaos lost by rinderpest. Suffered from drought. For above reasons and fall in prices of sugar and increase in laborers' wages many sugar plantations suspended work. Cultivation of hemp has maintained the province. Hemp exports greatly increasing. Hemp exports as follows:

	Piculs.
1898-----	37,000 to 40,000
1899-----	40,000 to 50,000
1900-----	50,000 to 60,000

Great enthusiasm in planting hemp. Ninety per cent of planters abandoned other crops for it. Great future for province predicted.

*Page 894. Province of Pampanga, C. Joven, provincial governor.*—Conditions more favorable than ever before.

*Page 900. Province of Pangasinan, M. Favita, provincial governor.*—Rinderpest carried away 50 per cent of stock. Suffered from locusts. Rice harvest is greater than in the preceding year. Principal products rice, cocoanuts, and salt. Roads are passable.

*Page 901. Province of Paragua, William A. Phillips, provincial governor.*—Reports that they have not had cholera.

*Page 902. Province of Rizal, A. Duncel, provincial governor.*—Have suffered from rinderpest and need carabaos. Locusts devastated fields.

*Page 905. Province of Romblon, Francisco P. Sanz, provincial governor.*—All pueblos increased planting of cocoanuts, hemp, rice, and corn. Large stores of rice on hand. Have built good wagon roads. Have suffered from cholera. Requests a steam launch and a high school.

*Page 906. Province of Samar, Julio Llorente, provincial governor.*—Principal products are rice, corn, potatoes, etc. No danger of famine. Everyone has money, owing to high price of hemp. No laborers are to be had; all work at hemp. Wages,  $1\frac{1}{2}$  to 2 pesos per day. One man works 2 arrobas of hemp (50 lbs.) per day, and get one-half. Worth \$4 Mexican per arroba; thus laborers get \$4 per day. All want to work at hemp. Hemp and copra are the chief articles of commerce. Hemp exports, 164,500 piculs. Copra exports, 72,000 piculs. Roads are bad.

*Page 915. Province of Sorsogon, B. Monreal, provincial governor.*—Financial condition could not be better, although agriculture is prostrate, owing to cholera and rinderpest. "But, thank God, most of the pueblos of the province, being hemp producing, support themselves by commerce and are not in a destitute condition."

*Page 921. Province of Surigao, Prudencio Garcia, provincial governor.*—Suffered from rinderpest and cholera. Rice crop, 60 per cent of the usual crop; recommends schoolhouses.

*Page 922. Province of Tarlac, Alfonso Ramos, provincial governor.*—Much depression. Principal products cotton. Principal industries, forestry and agriculture. Herds devastated by rinderpest. Have suffered from cholera. Recommends agricultural banks, work animals, and the use of forests for agricultural purposes, and dredging of rivers.

*Page 925. Province of Tayabas, H. H. Bandholtz, provincial governor.*—Have suffered from cholera. Principal product is copra; second, hemp. 90 per cent of carabaos died. Labor very scarce. Laborers receive 50 cents a day and subsistence. Carpenters receive \$2 per day.

*Page 934. Province of Zambales, Potenciano Lesaca, provincial governor.*—Suffered from rinderpest, cholera, and locusts. Province much depressed. Principal avocation, agriculture and cattle raising. Rice principal agricultural product. Recommends carabaos and seed.

MR. PALMER. In considering this subject I think you should locate the position of the Secretary of War absolutely. There is no doubt as to what interests I am laboring for and there is no doubt as to

what interests he is laboring for. He is laboring solely for the Filipino people, whom he terms, "my people," and on page 153 of the hearings before the Philippine Committee the testimony shows that he would not recede from his position even if he knew that it would injure American interests, at least he declined to deny that he would. He said:

Our recommendations are based upon our views of the needs of the Philippine Islands and the benefits to the trade of those islands. We are asking as much as we can get, because the more we get the better we think it will be for the islands. The effect upon the policy of the United States, and particular interests in the United States that will be affected, we have little knowledge of and desire to express no opinion. I hope that explanation—

Senator PATTERSON. You would not knowingly advocate any policy that would injure the industries of the United States—your own country?

Governor TAFT. I do not think I would. We do not approach it from the standpoint of those interests, however.

I think it is wise to locate just where the Secretary stands. It seems to me that he is in the same position before this committee as the people who came up from Cuba. He is not looking out for the interests of the people on the mainland; he expects others to do that.

Mr. DALZELL. I do not think that is a fair construction of the Secretary's position; he does not speak from the standpoint of any particular interest. In other words, he is not a beet-sugar man or a tobacco man or a hemp man, he speaks in the general interests.

Mr. CURTIS. And he was the civil governor of the islands, too.

Mr. DALZELL. I do not think that is fair to the Secretary; I think it is a reflection.

Mr. PALMER. It certainly is not so intended. He was asked if he would still urge this legislation, even if he knew that it would injure American interests, and he replied that "he did not think he would," but that "he did not approach it from that view point." It is no reflection on the Secretary; it is simply defining his position.

The CHAIRMAN. I do not think there is any reflection on him as long as you quote his language. No man can be condemned except out of his own mouth.

Mr. PALMER. The Philippine Commission report of November 1, 1902, said:

We think that a 50 per cent reduction will not give any substantial relief, and that nothing short of 75 per cent will accomplish a useful purpose. It is a mistake to suppose that the severance of these islands from Spain has made no difference in the markets to which their tobacco and sugar growers may look. On the contrary, with the separation from Spain the sugar and tobacco growers have been deprived of markets which were of great assistance to them, and it seems only fair and just that the United States should substitute its own markets for the Spanish market.

From page 40 of Bulletin No. 14, Trade of the Philippines, by Mr. Frank H. Hitchcock, of the Department of Agriculture, it appears that from 1888 to 1892 the Philippines averaged to sell to the continent of Europe just 1.97 per cent of their sugar exports, and from 1893 to 1897  $1\frac{1}{2}$  per cent. So, I contend that on sugar we have not robbed the Philippines of any rich European market, and on tobacco the European trade has absolutely increased 8 per cent since American occupation, so that there should not be any sentiment about having taken away the American market, which we did not.

On page 52, volume 1 of the 1903 report of the Philippine Commis-

sion, Secretary Taft, then governor of the Philippine Islands, made a statement as to the cost of producing sugar in those islands. He said:

The actual cost of producing sugar which is marketed at Iloilo, per ton, is as follows:

Tilling and planting, \$22; cutting, carrying to mill, milling, bagging, and shipping, \$18; and delivering, \$6, making a total of \$56 Mexican. These figures exclude material items like interest, investment, taxes, or rents, which are hard to estimate.

I contend that at least one of the above items is wrong. Inasmuch as the cane lands of the Philippines require planting but once in seven to fifteen years, the item of \$22 cost per ton of "tilling and planting" must necessarily refer almost wholly to tilling. Elsewhere I show that the yield per acre on four estates in the Philippines runs from 2,346 to 5,096 pounds, or an average on the four estates of 3,579 pounds per acre. Taking this as a basis, if the tilling costs \$22 per ton of sugar it must cost \$32.12 per acre of cane. I am credibly informed, one of the authorities being no less than the Bureau of Insular Affairs of the War Department that the average wage rate on Philippine sugar estates is 80 cents per week Mexican, and rice or hay, \$3.25 Mexican per month. The governor of the province of Viscaya reports that the food for laborers costs about 3 pesos per month. Adding this cost of food to the average cash wage rate, we have a total of \$6.25 Mexican per month per man, which covers the wages paid him and the cost of his food. From this statement it will be seen that if the Secretary's figures are correct, the tilling alone of each acre of cane (208 feet square) requires annually the constant labor of one man for more than five months, which is certainly absurd.

I will, later on, give you the details as to the cost of producing sugar by Juan Araneta, who is called the most learned agriculturist in the Philippine Islands, and who was a member of the honorary board of Philippine commissioners to the Louisiana Purchase Exposition. Araneta gives the cost of cultivation of 15 hectares of sugar cane (37½ acres) as \$225 Mexican, or \$6 per acre. The average production of this land was 5,100 pounds per acre, or 2¼ long tons, thus making the cost of cultivation to Araneta \$2.40 per ton of sugar, as against the Secretary's statement of \$22 per ton. It would almost appear that the Secretary had made a mistake by placing his decimal point a figure too far in the rear.

The next sentence in the Secretary's report is as follows:

The present selling price of sugar in the Iloilo market, based on the price of foreign markets, is about \$64 Mexican per ton, which allows little or no profit on the sugar from the most favorably located estates, and is considered less than the cost of production on the interior estates.

It would seem that this statement does not tally with the Iloilo quotations of Willett & Gray for the same date. They give the price of sugar on that day (December 31, 1903), which was within a few days of the date of the Secretary's report as governor of the Islands, as £7 4s. 6d per ton, f. o. b., Iloilo, and, figuring exchange at 220, this makes \$77.53 per ton Mexican, as against the governor's quotation of \$64 per ton, and shows a profit on cost of production as given by the Secretary, of 40 per cent. Even were all of the Secretary's figures correct at the time they were made, it would not follow that

sugar was not then being produced in the islands at a more than handsome profit. The New York price of sugar at the same time would show a still larger profit.

On pages 2, 364-65 of the hearings before the Senate Philippines Committee there appears the following statement concerning an experimental hectare of cane (2½ acres):

A trial and experiment was made on the estate of Calamba, as follows: Four areas, equal to 400 square meters, were measured out and planted in the usual way with cane. It produced 160 arrabas, equal to 1,904 kilos of cane, which, milled in an ordinary mill, gave 20 arrabos, or 3 piculs, of 65-degree current sugar. The hectare, or 2½ acres tried, produced 91.25 piculs of raw sugar. The land selected for the purpose was not of the best, as the padres desired to arrive at the truth of what the average land could actually produce.

Taking the value of a picul of sugar at \$3 Mexican, 91.25 piculs produced in value \$273.75. The cost of cultivation, viz, interest on capital invested, laid out in carabaos, building, machinery, labor, milling, etc., panned out \$160 per 2½ acres, or \$1.75 per picul of sugar, leaving a net profit of \$113.75.

From the above it appears that on an experimental tract, not of their best land, the cost of production and manufacture, including interest on the capital invested, was \$1.75 Mexican per picul (137½ pounds) of sugar, or 0.875 cents, which is equal to 0.625 cents per hundred pounds.

We can not do that in beets, I assure you. A year ago last summer, a special commissioner of the Department of Agriculture—

Mr. DALZELL. There is no item included of transportation, is there?

Mr. PALMER. The cost of cultivation, interest on capital invested, laid out in carabaos, building, machinery, labor, milling, etc., \$1.60. There is no transportation, but there is building, machinery, and several other things for which expenditures would not have to be made each year.

The CHAIRMAN. You do not cover in that amount the total cost of making the machinery put into that experiment?

Mr. PALMER. I do not know.

The CHAIRMAN. No man would make an estimate of that kind; he would take the average cost. Is that a circular for the purpose of getting stock taken?

Mr. PALMER. No, sir; it is a report of their experiment.

The CHAIRMAN. By whom?

Mr. PALMER. By the Philippine Sugar Estates Development Company, which was the company, Mr. Chairman, that the friars deeded their lands to.

The CHAIRMAN. And this company wanted to get capital interested in the business?

Mr. PALMER. I do not know that.

The CHAIRMAN. I remember, two or three years ago, there was a circular in regard to the sugar-beet industry, which you all repudiated; they were trying to get capital into the business. I think one is just as fair as the other.

Mr. CURTIS. Was not that statement made with a view to increasing the value of the land to the Government?

Mr. PALMER. I do not know. There is another report that my attention has just been called to, which shows practically the same thing—the report made to D. C. Worcester, the minister of the interior.

A special commissioner of the Department of Agriculture went

over to the Philippine Islands a year ago last summer, and he gathered statements from interviews with leading men in the Philippine Islands as to the cost of producing sugar. I think it is the most extensive piece of information on that subject that I know of. This [indicating] is a copy of his report to the Department.

Interview with Rafael O. Ramos, September, 1903, at Bago, Negros, Philippine Islands. He was born in Occidental Negros, is engaged in agriculture, and was a member of the honorary board of Philippine commissioners to the Louisiana Purchase Exposition. He gives the cost to produce, \$2.10 to \$2.60 (Mexican) per picul, including interest, transportation, the transportation being 32 cents by water per picul. Interest, 20 per cent on \$100 per hectare. Amount produced per hectare, 43 piculs.

Mr. DALZELL. What is a picul?

Mr. PALMER. 137.50 pounds, and a hectare is  $2\frac{1}{2}$  acres. Seventy-five hectares produced 3,200 piculs at an average cost of \$2.35 Mexican per picul.

Mr. WATSON. What does that mean? Translate it into English. How much would that be?

Mr. PALMER. In a summary here I have it brought into English. Gold exchange, \$2.30; sugar sold in Iloilo at from \$5 to \$5.25 Mexican per picul.

The deductions are "cost of sugar"—I will not read that. I have a summary of it. Total profits 187.60 acres, \$3,123.20; profits per acre, \$16.65.

Here is the sugar estate of Señor Juan Cabancar. He had 600 hectares, that would be 1,500 acres, which produced 40,000 piculs of sugar, or an average of over 66 piculs per hectare, costing less than \$2.25 Mexican per picul. In this neighborhood from 80 to 100 piculs per hectare are often raised.

Mr. WATSON. It does not do any good to read that; we do not know what it means. You might as well read Hebrew. If you would say that it produced so much per acre, and it was worth so much, we would know what you were talking about.

Mr. PALMER. I will put this into the record and give you the summary.

Mr. GROSVENOR. What system of weights and measures does the picul belong to? We are about to introduce the metric system in the Philippines, and by the time we mix all the systems together it will take a lovely man to understand anything that is going on. I understand that we are to do that in both Houses.

Mr. PALMER. I think the only part of the report that is readable at a glance is the summary. This report, as you understand, was made to the Department of Agriculture by a man who went over there.

Now, Com. Lucuriaga had 150 acres and the sugar was 481,250 pounds. The sugar per acre was 3,208 pounds. The cost per hundred pounds was \$0.694, the selling price was \$1.73; the profits per hundred pounds \$1.041 and the per cent profit was 150 per cent. Señor Juan Araneta had 37.50 acres and produced 191,125 pounds of sugar. The sugar per acre was 5,096 pounds, the cost per hundred pounds was \$0.621, the selling price was \$1.59, the profit per hundred pounds was \$0.969 and the per cent profit was 155 per cent.

Mr. TAWNEY. Where was that selling price, on the plantation or the point of shipment?

Mr. PALMER. At Iloilo. It is all given in the statement. I know the transportation is included because the first one I read gave the transportation.

Señor Ramos had 187.5 acres. The sugar produced was 440,000 pounds, the sugar per acre was 2,346 pounds, the cost per hundred pounds was \$0.743, the selling price was \$1.62, the profits per hundred pounds were \$0.976 and the per cent profit was 131 per cent.

Mr. CLARK. Then this estimate includes interest on land and everything of that sort?

Mr. PALMER. It does; it includes all the items, but I simply deferred reading it.

Mr. CLARK. I just wanted to know, because there are so many different ways of ciphering problems.

Mr. PALMER. Here is Juan Araneta. He has plowing, planting, cultivating, milling, packing, transportation (12 miles), storage, and embarkation, freight to Iloilo (19 miles), and unloading.

Mr. CLARK. But he does not say a word about the interest on money?

Mr. TAWNEY. Or anything about the depreciation?

Mr. PALMER. We have not been able to figure on that in the beet-sugar business. We are going on the basis that our factories will last forever. Here is one that has taken in interest and commission 20 per cent. They tell me that the interest rates over there are very high, especially on the small estates. The large firms, like Walter Barnes & Co., loan money at 20 per cent and 30 per cent to the big sugar estates—that is, the largest ones that have good credit. Those planters will borrow more money than they need and they will lend a part of it out to planters with poorer credit and get from 30 to 40 per cent. These planters will in turn loan it out to still smaller planters who have little or no credit and from them they get even 50 and 70 per cent interest.

Mr. CLARK. That is simply the interest on the money they have to have for current expenses. If that calculation you have contains no item of interest on the land, then it is utterly worthless.

Mr. PALMER. It would be a very easy matter to figure out that.

Mr. CURTIS. Did you not state that the total production of Philippine sugar was 145,000 tons?

Mr. PALMER. That is the estimated production for this year.

Mr. CURTIS. Then we will import about 1,800,000 tons?

Mr. PALMER. Yes, sir.

Mr. CURTIS. If we took all the sugar produced in the Philippine Islands we would still have to import 1,600,000 tons of sugar?

Mr. PALMER. Yes, sir. We care nothing about the present production of 145,000 tons—it is the increased production we are trying to look out for. If you would pass a bill giving the present sugar producers on present production free trade with the United States, and not change the tariff so far as might relate to any increase of production, I think the beet-sugar men would even be willing to give those fellows a bounty on their present output.

Mr. CURTIS. You have just stated that the hemp industry was so profitable that the men were anxious to go into the work. It seems to me they would raise hemp instead of sugar.

Mr. PALMER. We have not the same kind of people out there we have in Kansas. There are 8,000,000 of them.

Mr. CURTIS. I know. No great part of the 8,000,000 are going into the sugar business, or the hemp business, or any other business?

Mr. PALMER. Some of them will go into the sugar business as American capital goes there and open up vast sugar estates. It is not the present sugar producer we fear.

Mr. CURTIS. I do not think you need have very much fear of their going into any kind of business.

Mr. PALMER. They have increased the production from 80,000 tons to 145,000 tons in one year.

In this summary of these seven estates there are three which only give the cost per hundred pounds to produce, they do not give the acres, the sugar per acre, etc. The average of the figures on the cost of production on these seven estates is \$0.744 per hundred pounds. That corresponds pretty closely to the cost of production as given by the Philippine Sugar Estate Development Company of \$0.625 on that experimental hectare I called attention to.

Mr. CLARK. Does that mean at the port?

Mr. PALMER. At Iloilo.

Mr. CLARK. That is the port?

Mr. PALMER. Yes, sir.

Mr. CLARK. How much does it cost them to get it here?

Mr. PALMER. It costs \$0.267 per hundred pounds or 25s. per long ton to lay it down in New York. It costs 20s. per long ton by steamer to lay it down in San Francisco, and it costs 12s. per long ton to lay it down at San Francisco by sail.

The CHAIRMAN. You estimate the production of sugar in the Philippines for this year at 145,000 tons. I have seen it estimated as high as that, and in 1893 it was 260,000?

Mr. PALMER. Yes, sir.

The CHAIRMAN. So there was a gradual diminution?

Mr. PALMER. Yes, sir; owing to the revolution, death of draft animals by rinderpest, etc., and then it began to increase, and it is now more than half what was produced in 1893.

The CHAIRMAN. That is true.

Mr. PALMER. When the carabaos were killed by the rinderpest the production went down.

The CHAIRMAN. I think it got to the lowest point before they had any rinderpest at all.

Mr. PALMER. I have heard it stated: "Why does not the Philippine sugar come here, they have 25 per cent reduction?" I can not tell you why it does not come, but I do know that last year nearby Java sent us 355,355 tons of sugar that paid the full Dingley tariff rate. The freight rates from Java to New York are the same as from the Philippines to New York.

The CHAIRMAN. It would rather look to me that there was not this enormous profit that you figure out. The reason that it does not come here, this being the large sugar market of the world for consumption, and their failing to increase their production to any very large extent, it looks to me that there was not the profit in it which you figure.

Mr. PALMER. These figures were obtained, some of them direct from the books of the planters, and those figures were verified in San Francisco last summer. If the committee would like to hear the commissioner who went over there, and spent, if I remember right, two or three months on the islands, I will be glad to see that he is called.



The CHAIRMAN. The committee will be glad to hear any gentleman you wish to bring before them.

Mr. PALMER. If there is any question about the cost of production over there, I think perhaps a person who has investigated it might give the committee some information.

The CHAIRMAN. That is for you to decide.

Mr. PALMER. As to the extent of arable lands in the islands and sugar-cane land, I do not know whether there is any need to go into that or not. We all know that the well-defined sugar-cane land in the islands is far more than sufficient to supply the entire world consumption of 10,000,000 tons. How many acres does it take to supply the 10,000,000 tons? At  $2\frac{1}{2}$  tons per acre it only requires 4,000,000 acres, and the islands are known to have over 30,000,000 acres of well-defined sugar-cane land. They have wild cane growing there that, when cut, measured 27 feet long, and they only plant it once in from seven to fifteen years.

As to whether or not these people over there will work, the latest information I have is from the third special report of the collector of customs for the Philippine Islands, reviewing the work of his office from September 1, 1903, to September 1, 1904. That has just been received and was made public by the War Department. It says:

The question of labor in the Philippines has ceased to be a critical one. Despite the gloomy predictions of many thoroughly sincere investigators and writers on the subject, the Filipino laborer has conclusively demonstrated that he is a practicable and dependable element in the industrial development of these islands. In the past two years several immense enterprises have been successfully carried on solely with the aid of Filipino laborers.

So that seems to be a settled matter.

I remember very well when this Cuban matter was up that Hugh Kelly and many others claimed that if you passed the bill we would get the rich trade of the "Gem of the Antilles," and that would mean \$200,000,000 a year to us. I remember how on the strength of one telegram from Tampa, Fla., nineteen of our friends in the Pennsylvania delegation deserted us, and it is interesting to see what has come of it so far as our benefits are concerned.

In 1904 the United States importation of Cuban products (mostly sugar) exceeded our 1902 purchases from that island by \$42,288,734, representing an increase of 120 per cent. Now, the question is, what did Cuba do with that \$42,000,000? Did we get it, as it was supposed by some we would? She spent the \$42,000,000 in Europe and other countries, and out of the entire \$42,288,734 extra money which we paid to Cuba, Cuba bought extra goods from us to the value of \$285,486, the benefit to us being  $1\frac{1}{2}$  per cent and the benefit to Cuba 120 per cent, somewhat of a jug-handle arrangement, to say the least.

The CHAIRMAN. I suppose you are aware that the bill introduced in the House, which the sugar interests of the United States defeated, gave a much more favorable tariff on goods exported from the United States to Cuba than was finally put into the treaty?

Mr. PALMER. I did not know that.

The CHAIRMAN. I want to state to you now that the provision of the bill that reduced the duty, giving the United States preference over the other countries, was a reduction equal to 20 per cent ad valorem upon the value of the goods, while the treaty finally made was a reduction sometimes of 20 per cent, or 10 per cent of the duty,

and you can see of course that 20 per cent ad valorem on the value of the goods exported from the United States to Cuba would be a much greater reduction than was contained in the treaty.

Mr. PALMER. Yes, sir.

The CHAIRMAN. So I hardly think that you gentlemen ought to throw that into the face of this committee.

Mr. PALMER. Gentlemen, I contend that this bill is only the second of four links in a chain which it is proposed to weld.

The first link in the chain is the 50-cent dollar, whereby you enable employers to cut the price of labor in half. The second link is to get free introduction of their competitive products into our protective and necessarily high-priced market. The third link of that chain, which has already been shown by bills which were introduced last year, is to raise the limit of the amount of land which can be owned by individual corporation from 2,500 acres to 25,000 acres.

The CHAIRMAN. No committee has reported those bills?

Mr. PALMER. No, sir; they went to the Committee on Insular Affairs. When I spoke to the Secretary of War about that limitation of 2,500 acres, he said he thought it was contemptible that that should have been put in; that they ought to have at least 25,000 acres. I think they are resting a little just now, but I suppose he is going to come at us at the earliest moment when he may think conditions are favorable for its passage.

The CHAIRMAN. I think you will have to wait a little while yet.

Mr. PALMER. I hope so. The fourth link would be the matter of cooly labor. Governor Taft was asked if he wanted cooly labor in the Philippine Islands—

The CHAIRMAN. As I understand you, notwithstanding the 50-cent peso, the price of labor in producing hemp has increased enormously, so that it has got to be from \$2 to \$2.50 in gold?

Mr. PALMER. Yes, sir.

The CHAIRMAN. So that the difference in currency did not keep back the price of labor in that respect, so far as hemp is concerned?

Mr. PALMER. No, sir.

The CHAIRMAN. If the sugar business is so profitable and is going to be so profitable under this 25 per cent tariff, why will not the same thing hold good in the sugar industry as in the hemp industry, and the wages of the people over there be increased, so that they will increase the labor of the foreign countries?

Mr. PALMER. That might be possible, but they have several great advantages over what we have.

Mr. GROSVENOR. What was it the Secretary said about cooly labor?

Mr. PALMER. This was before the Senate Philippine Committee, page 185:

Senator RAWLINS. I want to go a step farther. Do you think it wise, in enacting a law, to dispose of these lands in any way that would lend encouragement to or extend the influence of those who would desire the introduction of Chinese labor to subserve their purposes in the islands?

Governor TAFT. What we want to do is to develop the islands, and certainly the attraction of capital, by offering what will return a reasonable profit, is our policy, and the sale of lands in tracts sufficiently large to attract capital is an essential part of that plan.

Mr. WATSON. He does not say anything about cooly labor?

Mr. GROSVENOR. What is your objection to that?

Mr. PALMER. When he declines to state that he is opposed to a measure provided it would lead to the introduction of coolie labor, I must assume that he would be in favor of the measure even if it meant the introduction of coolie labor. With an ignorant class of people as they have there the large corporations will also be able to enslave them, and furthermore, if you go on higher grounds than that, the Philippine Islands have seventy-five people to the square mile, and in the United States, Alaska, and Hawaii we have only twenty-six. If you give away those lands in large tracts the time is going to come when there will be no land left for the Filipino, and I think the question is as to whether those islands should be developed for the benefit of the Philippine people or for the benefit of the American exploiter to go over there and enslave them, and it seems to me that it is a matter deserving the consideration of Congress. It seems to me that they could be benefited very much more than by enslaving them to sugar corporations and bringing them into competition with the American product.

The CHAIRMAN. Congress has already provided that not more than 2,500 acres shall be sold to anybody, and, if I remember rightly, there were a number of restrictions placed in that section.

Mr. PALMER. Yes, sir; it was very carefully drawn, but they wish to change it.

The CHAIRMAN. A great deal of time was spent on it. Now, was it not in regard to the 2,500 acres that Secretary Taft was asked the very question that you quoted before the committee in the Senate?

Mr. PALMER. Yes, sir; he thinks that that is too small, and he openly says it should be 25,000 acres.

The CHAIRMAN. Was not a question asked as to whether the Commission would not make it 2,500?

Mr. PALMER. That was afterwards.

Mr. CLARK. As to the coolie question, you might as well dismiss that. You could not induce Congress to pass a law allowing the coolies to enter the Philippines.

Mr. PALMER. I think you are right. I simply spoke of those things which the Secretary of War wanted to do. He seemed to have a great deal of influence.

Mr. CLARK. I know, but the Secretary of War swore before the House Committee on Foreign Affairs that it would be absolutely disastrous both to the American laborers and the Philippine laborers.

Mr. PALMER. This may not be germane to the subject, but in 1900 we paid to Brazil alone nearly \$53,000,000 for coffee and rubber, which are to-day produced in the Philippine Islands. In 1871 we were collecting an import duty of 3 cents per pound on coffee. We then took the tariff off of coffee, and Brazil immediately put on an export duty, thus transferring nearly \$8,000,000 from our Treasury to hers and giving us no cheaper coffee. During the subsequent 28 years the United States lost in revenues \$304,869,852.84 on Brazilian coffee alone and the Brazilian trade balance against the United States during the same period amounted to the enormous sum of \$1,328,167,670.

The CHAIRMAN. Is that export duty still in force from Brazil?

Mr. PALMER. I understand not. I understand they have gradually reduced it. There are a very few States that themselves collect an export duty, but the general government does not. It would seem to

me that if we want to raise revenue and help the islands we could afford to have a small duty on coffee and take it off of our island coffee produced under the Stars and Stripes.

The CHAIRMAN. When we are obliged to hunt revenues in the future, the committee will bear that in mind.

Mr. PALMER. I understand that we are now hunting for \$25,000,000.

The CHAIRMAN. We have a surplus in the Treasury, and we are not in a bankrupt condition.

Mr. PALMER. As to the land law business, take it under the national reclamation act, any person can take up 160 acres, while in the Philippines a native can only take up 40 acres. I do not hear of any bill being offered or having been offered to increase the land holdings of the individual.

The CHAIRMAN. It was represented that a Filipino family could live on 40 acres the same as an American family could on 160 acres in this country.

Mr. TAWNEY. And could produce as much on 40 acres as they can produce here on 160 acres.

Mr. PALMER. On the Chinese question here is the recommendation of the Philippine Commission, dated November 1, 1902:

That an amendment be made to the Chinese exclusion act giving power to the government by law to admit a fixed and limited number of Chinamen into the Philippine Islands, who are certified to be skilled laborers, on the bond of the employer that for every Chinese laborer employed he will employ a Filipino apprentice, and that he will return the Chinese skilled laborer thus introduced within five years after his admission into the country, and that he shall pay a head tax of not exceeding \$50 for each Chinaman so admitted, to the insular government, to be expended incident to the enforcement of these restrictions.

The CHAIRMAN. Do you know of any bill being introduced into Congress to carry that into effect?

Mr. PALMER. I do not know, but I know it has been repeatedly recommended by the Philippine Commission; not, however, that the Philippines be flooded with them.

Mr. GROSVENOR. A certain class of skilled Chinamen to instruct the Filipinos in the matter of sugar development.

Mr. CLARK. Do you not know that when the conference took place between the House committee and the Senate committee on the Chinese-exclusion act that the conference was held up two or three weeks on that very question, as to whether the Chinese-exclusion act should apply to the Philippine Islands as well, and on that point the House won out? You could not get a bill through Congress that will allow those fellows there; no man in the House dares to vote for it.

Mr. PALMER. You take it on this land business. I do not doubt there will be a bill introduced this session—there was last session—to increase the land holdings from 2,500 to 25,000 acres. Take it under our national reclamation act, a corporation can only get 160 acres. There it is 2,500 acres, sixteen times as much. So far as I can see, those two things—the increase of land holdings under corporate ownership and the reduction of duty on a commodity which only forms about 8 per cent of the exports of the islands—is simply with a view of putting in large sugar plantations on those islands.

Mr. DALZELL. Why say sugar, when you say twice as much money would be made out of hemp?

Mr. PALMER. There are industries in your State (Pennsylvania)

where large amounts of money can be profitably employed. There are other industries in your State where large amounts of money can not be profitably employed, that are best conducted by small institutions, and hence large capital will be satisfied with even a smaller profit, and it takes hold of something that is eminently adapted to be handled by large capital, rather than to taking hold of the production of something that is done best in small holdings and where it can not secure a monopoly of the business.

Mr. DALZELL. I do not see why hemp should be better cultivated in small holdings than sugar, or what difference there should be in the extent of area occupied in cultivation.

Mr. PALMER. Simply because a native there can raise his own hemp. He has a little improvised machine for cleaning that practically costs him nothing. He does not have to go to any mill. He is absolutely independent of the world, of everybody except the buyer, and so the corporation can not get the control of the business. But, with sugar, the cane grower is dependent upon the mill, and unless a mill is near by his crop is of no value. To-day they are only getting 45 per cent of the sugar out of the cane with their crude mills, and when new machinery is put in they will double the amount of sugar they are getting from the cane now. I think that covers all I have to say.

There is just one remark that I would add, which is recalled to me by a blue-pencil mark here. I would respectfully suggest that we induce the Filipino people to produce as much as possible of the \$200,000,000 of the purely tropical productions that we now import and which we can not raise, and all of which they can raise, rather than to induce them to produce sugar, \$140,000,000 worth of which we are now purchasing abroad but all of which can be grown on American farms. That is the whole thing in a nutshell. Mr. Chairman and gentlemen, I thank you.

Thereupon the committee took a recess to meet at 2 o'clock.

#### AFTER RECESS.

The committee met, pursuant to adjournment, at 2 o'clock p. m.  
The CHAIRMAN. The hearing will proceed.

#### STATEMENT OF MR. W. S. HUMPHREY.

Mr. HUMPHREY. Mr. Chairman and gentlemen of the committee, I was very much interested this morning in the discussion that took place, more especially from the standpoint of the statements made by the committee with reference to the recommendations of the Philippine Commission.

When we started into the presentation of this matter before the committee it was our understanding that the proponents of the measure, those that asked for the legislation in the interests of the Philippine Islands, had the affirmative of this question and should be first heard.

The committee announced its idea, or at least I understood from the chairman, that presumptively the Filipinos were entitled to the legislation claimed, and that if we had anything to present against

it we could present such arguments as we had against this proposed measure.

It appears from the recommendations of the Philippine Commission that they not only ask for a reduction in the duty on sugar and tobacco, which the committee presumes they are entitled to, but they also ask that certain changes be made in the land laws and that corporations be allowed to purchase from twenty to twenty-five thousand acres of land to be used in the production of sugar. When that proposition is stated to the committee it at once says that no such proposition would be entertained by Congress; that this committee would not entertain such a proposition as that. Again, it is suggested that the Commission, under certain conditions, admit Chinese labor into the Philippine Islands. It is at once stated by the committee that members of Congress would not favor the admission of Chinese labor into this archipelago, and that they would insist upon the exclusion of Chinese labor.

It seems that the only thing that is taken for granted and that presumptively the Commission are right upon is the question of the reduction of the duty on sugar and tobacco.

Now, we claim that the same position should be taken by the committee when they would attempt other legislation—to enforce their recommendations with respect to the changes in the land laws or to enforce their recommendations with respect to the admission of Chinese labor—that they should take the same position that they would under such circumstances, and that they should show the reasons why they should be granted those conditions.

In the argument of Mr. Palmer before the committee and the questions of the committee addressed to Mr. Palmer it was suggested that the recommendation of the committee was simply that skilled Chinese labor be admitted into the Philippine Islands and that the employers of labor were to put a skilled Chinaman at work and should put a Filipino apprentice aside of him to learn from the skilled Chinese laborer the art that he was supposed to be familiar with in the particular branch of industry; but the Commission does not recommend that this skilled labor should be skilled labor of any particular kind or that it should be limited to any particular branch of industry. In other words, the sugar planter would bring in his Chinese skilled laborers on the sugar plantation and for each Chinaman that he would work on the plantation as a skilled sugar planter he would put a Filipino along beside him and in that way they would have at least one-half of all the labor in all branches of the experiment Chinese labor under the theory of a skilled Chinese to educate a heathen Filipino.

You can readily understand how it would be possible under any legislation bringing about such a situation as the Philippine Commission has suggested that the whole archipelago would be overrun with Chinese labor, and practically every industry in the Philippines would be carried on through the means of Chinese labor.

MR. WATSON. Do you know of any bill now pending in Congress providing for that?

MR. HUMPHREY. We knew of no bill asking for the introduction of sugar at 75 per cent reduction until within the past ten days.

MR. CURTIS. The bill was only introduced within ten days and you were notified and given plenty of opportunity to be heard.

Mr. HUMPHREY. Then, when a bill is introduced for the purpose of introducing Chinese labor into the archipelago are we to be told that presumptively they are right and that we have the affirmative of showing why it should not be done?

Mr. CURTIS. I think your presumption is violent, and I do not think you are justified in drawing that conclusion from anything that has been said by the committee or any member of the committee, in my judgment.

Mr. HUMPHREY. But we are put at once upon the defensive in the interest of an American industry as against the proposition of opening up that industry to the competition of the Filipinos.

Mr. CURTIS. A proposition that you yourself admitted would not amount to anything?

Mr. HUMPHREY. Oh, no; I have not admitted that.

Mr. CURTIS. You admitted that if we took all the sugar production from the Philippine Islands we would still have to import over a million tons of sugar each year.

Mr. HUMPHREY. That is perfectly true under present conditions. But supposing the recommendations of the Commission are carried out and enacted into laws upon the statute books, what will be the production of the Philippine Islands within the next five years?

The CHAIRMAN. What I said was that the committee were willing to take up the bill at once, unless the gentlemen opposed to it desired to submit some opposition.

Mr. HUMPHREY. What he would have liked, Mr. Chairman, would have been that those who are in favor of the measure should have presented their arguments in favor of the measure and the facts and figures upon which they based them.

The CHAIRMAN. I understand that. The committee was ready to go on without any further hearing and consider the bill, if you gentlemen did not care to have a hearing.

Mr. HUMPHREY. Now, we are here, Mr. Chairman, in the interest of the sugar industry of Michigan—myself and some of the gentlemen who are with me. Mr. Palmer appeared for the National Sugar Association. I simply represent the Michigan interests.

Mr. HILL. Mr. Palmer simply appeared for a voluntary association of sugar growers, not a corporation at all?

Mr. HUMPHREY. Not in the least. The American Sugar Association is simply a voluntary association that is organized, with a chairman and secretary, for the purpose of attempting to further the interests of beet-sugar manufacture in this country, and the principal object of that association, as I gather it, although I am not a member—the principal object of that association, as I understand—is for the purpose of having meetings annually and for the diffusion of useful knowledge with respect to the cultivation of beet sugar and the manufacture of beets into sugar, so that each factory can gain all the information that every other factory has.

Mr. HILL. You represent a voluntary association in Michigan?

Mr. HUMPHREY. Yes, sir.

Mr. HILL. What was the average cost of beet sugar in Michigan last year?

Mr. HUMPHREY. The average cost of beet sugar last year was about 4 cents.

Mr. HILL. What did you sell it at; what was the average selling price?

Mr. HUMPHREY. The selling price this year in Michigan will average practically 5 cents. We commenced at about \$0.44 or \$0.45, along there, and it has gradually gone up until the last quotations I saw were \$6.09 per hundred pounds.

Mr. HILL. In figuring that cost, are there any by-products, and what do they figure in as a part of the business?

Mr. HUMPHREY. Two factories have a by-product that they manufacture from the beet pulp. All of the factories have a by-product which is known as green sirup—the sirup that can not be used in making granulated sugar. It is sold to the alcohol factories at a small price—at about \$2.40 a ton. The actual figures can be given on all those subjects by Mr. Hathaway. He can give you the accurate data. There are two factories that are now attempting to dry beet pulp and trying to get something out of that.

Mr. GROSVENOR. How many concerns manufacture alcohol?

Mr. HUMPHREY. One.

Mr. GROSVENOR. That is what I supposed.

Mr. HUMPHREY. It is at Bay City. They buy the sirups from all the other factories and manufacture it into alcohol. They buy what is known as the waste or green sirup, and that is manufactured into alcohol and upon that the United States Government received the year before last about \$1,200,000 in revenue duty.

Mr. HILL. That is in Michigan?

Mr. HUMPHREY. Yes, sir; in Michigan we paid as revenue to the United States Government something like \$1,200,000 on alcohol.

Mr. GROSVENOR. How much money did they make on that?

Mr. HUMPHREY. A very small amount. I understand that the entire amount that they got on the sale of alcohol over and above the amount paid to the United States Government was something like thirty of forty cents a gallon. The Government gets a dollar and some cents a gallon.

Mr. GROSVENOR. \$1.10.

Mr. HUMPHREY. One dollar and ten cents, I think it is.

The CHAIRMAN. It is just the same as the tax on corn alcohol.

Mr. GROSVENOR. There was some proposition to release the duty on alcohol in order to countervail the supposed injury to the sugar business by the reciprocity treaty with Cuba. That proposition came from Mr. Oxnard. When we came to look into that proposition we found that all the rest would want the same reduction.

Mr. HUMPHREY. Undoubtedly.

Mr. GROSVENOR. And the corn alcohol people were on hand to take care of themselves.

Mr. HUMPHREY. I do not think it makes the slightest particle of difference about releasing that duty so far as the beet sugar industries are concerned. I think the revenue tax has no effect upon the sugar beet industry. I think the price of alcohol is regulated by the internal revenue tax paid and the cost of production so that in addition to their obtaining the amount that is paid to the Government for revenue they also obtain the cost and the profit on the manufacture. In other words, I do not see how your taking that revenue tax off would in any way assist the sugar beet industry of the United States.

The CHAIRMAN. Would that aid the alcohol interests?



Mr. HUMPHREY. Immediately upon the taking off of that revenue you gentlemen can readily understand that the price of alcohol would drop.

The CHAIRMAN. Not if the tax was kept on the corn alcohol.

Mr. HUMPHREY. But I do not think you gentlemen would entertain an amendment of that kind which would discriminate against one American production and in favor of another.

The CHAIRMAN. That suggestion was presented to us by Mr. Oxnard.

Mr. TAWNEY. Does that discrimination now exist as between corn and wood alcohol?

Mr. HUMPHREY. I am not prepared to say.

Mr. TAWNEY. The wood alcohol pays no tax whatever?

Mr. HUMPHREY. Those are two commodities that are as widely different as tea and skimmed milk. They do not come into competition in any way.

Mr. TAWNEY. Are you fully advised as to that?

Mr. HUMPHREY. That is my understanding.

Mr. TAWNEY. Have you read the last report of the Commissioner of Internal Revenue in which he says that wood alcohol is used to such a degree as to become a competitor in the manufacture of alcoholic liquors?

Mr. HUMPHREY. I have not read that quotation. I know the results to some people who attempted to use it in the same way. I know it was attended with disaster.

Mr. TAWNEY. In 1903 were the beet-sugar manufacturers disposing of any of the by-products out of which alcohol is now manufactured?

Mr. HUMPHREY. Yes, sir.

Mr. TAWNEY. They were?

Mr. HUMPHREY. That is my understanding.

The CHAIRMAN. And the previous year, 1902.

Mr. HUMPHREY. The factory at Bay City was established in the early part of 1902. I think they got \$2 a ton for the sirup, or something like that; perhaps \$2.40. It just pays the factory for putting it into the tanks and running it from the tanks into the cars to be shipped to the factory at Bay City. If they did not use it in that way they would run it into the sewers.

The CHAIRMAN. Is there any other by-product?

Mr. HUMPHREY. The only other by-product is the beet pulp. As I said before, there are two factories in the State that are drying pulp, so I was informed by Mr. Hathaway. He is here in the room and he can give you all the information upon that subject. I was informed by him that at their factory they have a pulp dryer. It simply saves the cost and expense which the factory would otherwise incur in getting rid of the beet pulp.

There is practically no profit in it to the manufacturer, but you can see that this beet pulp piles up in a great mass, thousands of tons; it lays there and ferments, and it is very offensive and there is an ordinance wherever they are in an incorporated town which compels them to remove it because it is a nuisance. In one instance it cost the factory between \$9,000 and \$10,000 to get rid of the pulp in a year. It is worse than a tannery, and it is to avoid that nuisance and to prevent our being legislated against by the municipal authorities that we are compelled to get rid of it. As I said, Mr. Hathaway will be glad

to give you gentlemen all the information on that question, as they have the first dryer, and he can fully explain the pulp situation to you.

Now, gentlemen, I wish to say that we became interested in the sugar business after the enactment of the Dingley tariff law of 1897. At the time of the enactment of that law there was not a factory in the State of Michigan. You gentlemen are conversant, through the examination that you had in the Cuban matter, as to the labor that has been done by the United States Government, through its Agricultural Department, to establish the industry of the production of beet sugar in this country. Millions of dollars have been appropriated by Congress, and this appropriation must have come before the Ways and Means Committee. Millions and millions of dollars have been appropriated by Congress for the purpose of establishing experimental stations all over the United States to ascertain the lands that were adapted to the cultivation of the white Sicilian sugar beet. Your money was intrusted to your Secretary of Agriculture—one of the broadest-minded men that I ever knew, and one of the most patriotic citizens that I have ever met in this country—and his heart has been in his work. He has worked assiduously for the purpose of furthering the agricultural industries of this country.

Now, gentlemen, the United States Government, through these appropriations, has established these experimental stations for the purpose of ascertaining the quality of beets that could be grown upon the different soils in the different States, so as to be able to tell the people of the State adapted to growing sugar beets that this could be done, and through the Department of Agriculture a large amount of literature has been gotten out and sent to the people all over the United States, telling them of the possibilities of the lands within their jurisdiction in the sugar beet business; telling them what could be done. Then you will remember that at the St. Louis convention in 1896 it was declared as a cardinal principle of the Republican party that such tariff legislation on sugar should be enacted as would make it possible to produce all of the sugar upon American soil that the American people consumed; and at that time we had no Philippine Islands. No one contemplated that we would go thousands of miles from the borders of this country to establish the sugar business in the Tropics, and everyone supported the platform, supposing that it meant the establishment of the sugar industry between the Atlantic and the Pacific oceans; between the Gulf of Mexico and the northern line of the United States, the boundary line between it and British Columbia.

Now, gentlemen, those conditions were directed by you through your appropriations inducing the people of this country to go into the sugar business, and produce sugar, and save the hundreds of millions of dollars annually that was spent abroad. Following that, the Dingley tariff bill was enacted providing the present rate of duty. After that the first factory in Michigan was built. We believe that you, and that the other representatives of this Government, meant what you said; that you proposed to make it possible for us to do what you had urged us to do through your officers, and we went into it in good faith. We invested our money in it. We tried to make a business here such as you asked us to do. We tried to do it through the means that you provided, and that you said should be

kept in such shape as to make it possible for us to do the things that you asked us to do. After we went into it, after we had invested in it some \$12,000,000 in the State of Michigan alone, we were brought face to face with the reduction on Cuban sugar, and we made our statement before you.

We told you what would be the result, and I do not think that a man who appeared before you at that time desires to retract one word that he said; and I think that you gentlemen will admit that subsequent events have proven the absolute truth of every statement made by the beet-sugar interests before you in that controversy. The accidental interruption of sugar production in Europe has caused an unwonted rise in the price of sugar, and sugar that we sold last year at an average of 4.31 cents per pound is this year selling for 5 cents per pound. That has nothing to do with Cuban reciprocity in the slightest manner. It is due to the same set of circumstances that has caused the phenomenal rise in wheat and of other products. Now, gentlemen, after this inducement had been held out to us by the United States Government to come into this business—and, mind you, I am not criticising the Government for asking us to go into it—I think it was one of the wisest provisions that could be enacted by Congress to further this industry. It has engaged the attention of the greatest statesmen of the world. It has engaged the attention of the statesmen of all the principal countries of the world. I am referring to the production of sugar from beets.

Germany started out one hundred years ago, and that country was followed by France appropriating \$200,000 a year for the purpose of establishing chemical stations to ascertain how this sugar could be extracted and to get the best ways of extraction. It has been tried by every civilized country on the face of the earth, to the end that they might produce all the sugar that they consumed within their own borders. I say to you that you had the precedents of the wisest statesmen in the world to follow, and it was a wise thing for this country to do, so that if for any reason our commerce might be cut off from the commerce of the rest of the world, or should be cut off from the far-distant islands that we now have control of in the Pacific Ocean, then this country would not be hampered by the loss of one of its principal food products. And I think that is the reason why all of you were so insistent upon having all our sugar produced here.

Now, gentlemen, this sugar industry, the production of sugar from beets, has been protected in every country, to almost a prohibitive extent, where the sugar beets could be raised; and briefly I will give you the tariff duties that have been established by the countries of the Old World upon the production of sugar, so as to make it possible, as you said you were going to do, for us to produce all the sugar that we would consume. In Germany raw sugar pays a duty of 3.9 cents, refined sugar 4.75. In Austria 2.7 for raw sugar and 3.7 for refined. In Belgium 3.9 for raw and 4.4 for refined. In Russia 4.30 for raw and 5.72 for refined. In Italy 7.7 for raw and 8.7 for refined. In Spain—now mark you, in the Cuban agitation one of the great arguments heard was that we had destroyed Cuba's market for her products of sugar and tobacco in Spain and we must open our markets as a substitute for the markets that have been destroyed, and I notice that very same thing is shown in the report of the Philippine Com-

mission, that we have done that thing for the Philippine Islands and therefore we must open the markets of the United States to the Philippines—Spain 6.22 on foreign sugar and 2.94 on colonial sugar. And when the Philippine Islands were a part of Spain they paid 2.94 cents for every pound of sugar shipped from the Philippine Islands to Spain.

Mr. CURTIS. What do they pay now?

Mr. HUMPHREY. They pay 6.22. They pay as a foreign nation if they ship it now. Now you have so reduced it that they pay but 1.24 cents to come to this country, and yet the argument is made by the Philippine Commission that we have injured them by destroying their Spanish market. On the contrary, where they had to pay 2.94 duty on every 100 pounds they shipped to Spain we have opened our market to them at 1.24 cents. I do not think, gentlemen, that you can consider this as an argument for the further reduction of the duty on their sugar.

The CHAIRMAN. According to that statement there was a differential in Spain on Cuban sugar of 3 cents a pound from that country. The Cuban sugar was the same as the Philippine Island sugar; they gave them that differential. Of course they lost that differential and they had to come in on the same duty as other sugars pay. They lost the advantage that they had by that differential of 3 cents a pound.

Mr. HUMPHREY. That is true; but at the same time the Philippines practically shipped no sugar to Spain. The Philippine market for sugar has never been Spain.

The CHAIRMAN. It has been the oriental countries, the same as now.

Mr. HUMPHREY. Yes, sir; but all the colonies of Spain had to pay that duty.

Now, if we have destroyed their market, if that is the idea, that we have destroyed their market with Spain, our answer to that is that their market with Spain was destroyed long before there was any such a thing as our war with Spain; and their markets then, as now, were Hongkong and Japan.

Now, Mr. Chairman, the peculiar thing that there is about this question of the reduction of duty on sugar, the most peculiar thing that I see about it, in view of the facts as I have stated them to you, is that our Government has by all means sought to induce us to go into the business of raising beet sugar. Our own tariff schedules since 1860 I wish to submit to you and to your consideration, in view of the fact that our Government has ostensibly tried to have the American people produce all the sugar they consumed. The tariff of 1861 in this country was 5 cents on sugar. In 1862 it was changed to 4 cents. In 1864 it was put back to 5 cents a pound. In 1870 it was changed to 4 cents a pound. In 1874 it was put back to 5 cents a pound. Up to that time there had not been a pound of beet sugar produced in America for sale.

Some experiments had been made along the line of producing beet sugar. About that time the Alameda factory in California was established, and it commenced to be a factor in the market. And then what? In the tariff schedules of 1883 the duty on sugar was reduced to 2½ cents on raw sugar and 3½ cents on refined sugar. That duty prevailed until the McKinley tariff duty on sugar in 1890 was established, when there was one-half cent duty and a two-cent bounty

on all American sugar. That was continued in effect until the next, the Cleveland, Administration, when we were confronted with a 40 per cent ad valorem duty; and that was the duty and the tariff that called out the condemnation from the convention of 1896 upon this kind of protection to the sugar industry, and that condemnation was approved by the people at the polls of that election. After that came the Dingley bill, 1.68 and a fraction for raw, to 1.95 for refined, the lowest rate of duty that any administration in favor of protection to American industry had ever allowed to stand on the statute books, and during the whole time when nothing was produced in this country but cane sugar in a few States in the South we had from 4 to 5 cents duty—practically a prohibitive duty. And now when you are attempting to induce the American people to go into the business of raising all the sugar that they consume, the duty is dropped to 1.68 and a fraction for raw, and 1.95 for refined.

The CHAIRMAN. Do you say 4 to 5 cents a pound is prohibitive; and was not that a revenue duty in a large measure?

Mr. HUMPHREY. It was a large producer of revenue; but at the same time it was a large producer of revenue for the men engaged in the sugar business. And if that duty to-day was put on the statute books it would not be five years before you would see that all the sugar consumed by the American people would be produced in this country. We have got the land; we have got the climate, the soil, and the capital. We have got the enterprise, and it would be simply a question of only a short time when we would produce every pound of sugar that this country required. In the States of California and Colorado there are the very best kinds of sugar-producing lands, having thousands of acres more area than the whole German Empire, and Germany in 1903 produced 2,000,000 tons of beet sugar. That 2,000,000 tons of beet sugar is more than all the foreign sugar that is imported into the United States of America, thousands of tons more.

The CHAIRMAN. Have you ever contended that we ought to raise the Dingley rate on sugar for protection?

Mr. HUMPHREY. I would so claim, if that is necessary.

The CHAIRMAN. No; but have you ever claimed that it was necessary to do it? Has that argument ever been presented to this committee?

Mr. HUMPHREY. Mr. Chairman, I am not making an argument for the purpose of getting you to raise the duty. I am making a statement simply of the facts.

The CHAIRMAN. You spoke as though Congress voluntarily taught you gentlemen to go into this business. My recollection is that, commencing with 1889, the gentlemen representing the beet-sugar interests have persistently appeared before this committee, and, properly, asking for a protective duty on sugar in order that they might engage in that business.

Mr. HUMPHREY. Did you say since 1890?

The CHAIRMAN. 1889. In the latter part of 1889 and the beginning of 1890 the arguments were made in favor of a duty on sugar in order to stimulate the beet-sugar industry. That is where my interest first commenced in it, from hearing those arguments, and my interest has grown since that time.

Mr. HUMPHREY. In 1890 there were less than 10,000 tons of beet sugar produced in the United States of America.

The CHAIRMAN. But the argument was made, that if it was properly protected, we could produce all the beet sugar that could be consumed here.

Mr. HUMPHREY. Michigan is a State of 2,500,000 people. When the Dingley bill was enacted our State gave us a bounty of 1 cent per pound. The supreme court of our State declared it unconstitutional, so we were deprived of it; but, any way, it induced us to go into the business. Going into that business in 1898, when we were not producing a single pound of beet sugar in the State, we now have a capacity, in the beet-sugar factories of that State alone, of 375,000,000 pounds annually, and in the State of Michigan we can produce 100,000,000 pounds more sugar than Michigan consumes. If we knew, if we only had the assurance, that we would have a settled and stable policy in the tariff on sugar, and if we could make our arrangements based upon that—

The CHAIRMAN. Do you put that in the form of a question?

Mr. HUMPHREY. I make it as a statement.

The CHAIRMAN. It only costs 4 cents a pound for beet sugar in Michigan. Sugar from the Philippines, under the present conditions, 75 per cent of the Dingley rate, can be produced and sent to New York as cheaply as stated here this morning. I don't think we can produce the sugar necessary under our present tariff.

Mr. HUMPHREY. We know this; this is the argument which the State of Michigan will base their calculations on as a business proposition. We know the length of time that it takes to start the sugar business. We know perfectly well that it requires at least twelve months to get it under way, and we also know that it requires another full year to get the crop ready, and we know that it will be about two and one-half years after a person has started before he can get the sugar in the market; but we know that if you open our market to the Philippine sugar practically free of duty, that those people that would be induced to go there and go into the business would produce no sugar in competition with us for some time. We know, in that time, that if we have the protection of 1.24 cents a 100 pounds that we now have, we feel confident that we can meet them upon their own ground if you will let us alone, but we can not do it if we are continually brought here each year to defend the sugar schedule in order to prevent sugar from the Tropics coming into our market. If this had been a general tariff revision, a revision of the tariff all along the line where all industries suffered equally, perhaps we might have met it with a little more equanimity; but where this one agricultural interest has been hit two years hand running and nothing else is revised, and there is no move made to take the tariff off of anything else, it hurts.

We have all understood that the producers of wealth in this country were the especial charge and ward of the party of protection. That it wanted to protect the labor, manufacturers, farmers, and all producers of wealth. You are striking now at the producers of wealth, and have done it for two years in succession. No one else is hit. It is the agricultural interests that is hit, it is the farmer. We paid to the farmer this last year \$2,409,000 for beets in the State of Michigan alone. If we had had a full crop of beets the farmer would have re-

ceived this year \$10,000,000 for his beets; that is, if he had had beets enough to have stocked our factories; and yet in the interest of the people in the Philippine Islands we must be sacrificed, and the sacrifice must fall upon one industry.

Mr. Chairman, I wish to say to you that in the year 1897 we did not produce a pound of sugar in the State of Michigan. This year we produced 50,000 tons, and we had less than a third of a crop. Of course I am not going to leave the impression with the Committee that the reason why we had a short crop was because of legislation although our people all along the line in the sugar business were discouraged at the legislation that was passed last year for the supposed relief of the Cuban; but the reason for our short crop of beets this year is due almost entirely to climatic conditions. We had two wet seasons. It requires a good deal of care for a farmer to raise an acre of sugar beets. It requires an outlay of from thirty-two to thirty-two and a half dollars an acre to produce sugar beets. If the farmer loses two or three crops it is a very serious matter to him, and he will hesitate before he goes into the business again. It is a new business; he has not learned it; he has just started to learn it. He may put in a crop of wheat and the weevil will get into it; after he has harvested it the rain will come and spoil it in the field, but he will go back the next year and raise just as much wheat, because it is an old crop that he is familiar with and he knows the chances he takes and will not be greatly discouraged.

Here is a new thing and you can see how quick they become discouraged. They did become discouraged from two years of hard luck. In a factory that I know of with a capacity of six hundred tons a day they got but seven thousand tons of beets this year, and they ran less than two weeks. The factory was closed down. I became interested in the sugar business of Michigan soon after the time that industry was started. I have never received a cent in dividends on the money that I have invested and I do not expect to for some time. But if we can get this business established so that we can get our American methods of Agriculture at work and the inventive genius of the American people upon this proposition we will show you how to produce beet sugar, as we have shown you how to produce other products, more cheaply than anywhere else on the face of the earth. It has been said that the beet sugar factories are in a trust. The beet sugar factories are not in a trust. Every beet-sugar factory is a competitor of every other beet-sugar factory in the State of Michigan. No one has ever seen the price of sugar go so low in this country as it has since the beet sugar has played a prominent part in it.

Mr. CURTIS. We only produce about one-twentieth of the beet sugar as compared with the consumption, about 5 per cent.

Mr. HUMPHREY. It is more than that. It is over 10 per cent. We produced over 209,000 tons this last year. The entire consumption of sugar in this country was estimated at two million and two hundred and some odd thousand tons.

The CHAIRMAN. Two million seven hundred thousand tons.

Mr. HUMPHREYS. So that would be about 8 per cent. I wish to call the attention of you gentlemen to this fact: The reason that we did not produce that amount of sugar this year is not on account of the money that has been invested in the sugar business. We have put plenty of money into factories. We could have produced

120,000 tons of sugar in the State of Michigan this last year if we could have procured a full supply of beets. We have the facilities for making 120,000 tons of sugar per year in the State of Michigan. It was simply because we could not get the beets. We produced more sugar last year than this year and the year before more than we did then.

The CHAIRMAN. We will now take a recess for about ten minutes, as the members have been called into the House; and then we will return.

Thereupon, at 2:58 o'clock p. m., the committee took a recess for ten minutes.

The committee reassembled after the ten-minute recess at 3:05 o'clock p. m.; Hon. Sereno E. Payne, chairman, presiding.

### STATEMENT OF MR. WATTS S. HUMPHREY (RESUMED),

*Representing the Sebewaing Sugar Refining Company, Sebewaing, Mich.*

Mr. HUMPHREY. I would say, Mr. Chairman, that in the argument made this morning, or during the argument, a question was asked by some member of the committee as to whether it was not a fact that the American laborer would not work in the beet field, whether it was not work unsuited and not adapted to the American laborer, that it requires a man to get down on his knees and do work. I got the inference from the query that it was supposed to be work derogatory to the dignity of an American. I was brought up on a farm, and I well remember that we had a great deal of farm work that had to be done on the knees. I remember very well of thinning carrots, and thinning black seed onions and parsnips, and getting down on my knees to transplant cabbage plants.

The CHAIRMAN. Did you like it? I did not. Probably you did, but I did not.

Mr. HUMPHREY. It was the best method that you and I knew, whether we liked it or not.

The CHAIRMAN. I did not like it.

Mr. HUMPHREY. I thank heaven that the American inventive genius has shown a way to do that work so that if you or I were on the farm to-day, Mr. Chairman, we would not have to be on our knees. They have invented a machine, which is in use in our county in Saginaw, where they transplant cabbages by machinery; the cabbage planter makes a hole in the ground in which the plant is deposited, and another little machine covers it, and still another comes behind and squirts some water into it, and the man who tends it smokes his pipe while the work is being done by the machine.

The CHAIRMAN. I have seen those machines, but the man did not smoke his pipe. He did not have time to smoke his pipe, although the machine put in the plants. [Laughter.]

Mr. HUMPHREY. Mr. Chairman, if you will only protect this industry, if you will only let us alone and leave us with the protection we now have, I will guarantee that no American laborer will, in the next five years, be on his knees thinning beets. We will find a way to take care of these beets so that they will be so planted as to require no thinning, except such as can be done by the team instead of hand labor.



I wish you, Mr. Chairman, and every member of this committee had been with us through the different factories in Michigan with Secretary Wilson in his trip to our factories last fall, and could have heard his talk and his advice to us a year ago and to the farmers. He told us what could be brought about, and what his Department was doing for the purpose of bringing about the very changes I am talking about. He held that we were doing too much hand labor in the field.

He held that all the labor could be done more cheaply by animal power, and how it would all soon be done by animal power, and how the United States Government, with millions of dollars behind it, anxious to do everything that possibly could be done for this agricultural interest, would stand behind us, and that he, with his thousands of scientists in his office, would stand behind us and show us how this product could be raised in America in competition with the whole world, and how these beets would not be thinned with hand labor in the field, but all by animal power and American mechanical methods.

I wish the whole committee had been with us and had seen those industries there, in the State of Michigan—seen the thousands of farmers coming in and receiving their pay—a hundred thousand dollars a month at some of the factories for beets. They get paid on the 15th of each month.

Mr. Chairman, there is no such thing as labor in the beet fields that is derogatory to American manhood. Every bit of the work can be done, and is done, by Americans, and all that is necessary is that it be made profitable, and then the Americans will be able to do it, and every one of them is glad to engage in the business, and in this American enterprise.

I wish to call your attention to one machine that is now out, that digs the beet at the same time it tops the beet, and places them in rows for gathering, so that a man drives between two rows of beets and pulls the beets and tops them at the same time, and distributes them alongside of the machine.

Let us alone, give us a chance, and we will show you what can be accomplished in the beet-sugar business.

Mr. Chairman, I wish to say that I may have been in error, but during my whole life, and particularly since 1873, I have been preaching the doctrine of protection. I have always thought it was right. I have always insisted that it was right, and I know I was honest and disinterested, because I know I had not a thing to protect. I had not a thing but my hands to make my living with, and I never asked for protection to any industry in which I was concerned. I thought that every industry in America should be protected, and that everything that could be produced in America on which all that prevented its production was competition with cheap labor ought to be produced here, and we ought to make it possible to produce it here.

I have preached that doctrine. I have seen the establishment of the great steel rail industry. I have seen the establishment of the nail industry and of all these great iron industries. I have seen the establishment of the tin-plate industry. I have seen the establishment of all these industries, including the glass industry, and I am thankful to say we have a plate-glass factory in our town, and every

pane of glass put into a house in the city of Saginaw comes from our plate-glass company. I have seen those things made possible, and I really did think that something had been accomplished and that my preaching had assisted somewhere in bringing about the good result.

But it is singular that for the first time in my life when I am so situated that I have something to invest and have invested it in reliance on the principle that I have invoked for years I am now met with the statement that the protection on that industry is not needed, that it can be dropped off—a portion if it for the benefit of the heathen in one land, another portion dropped off for the benefit of the heathen in another land, and in fact every philanthropic gentleman in the United States who has some ideas of that kind that he wishes to promulgate thinks that the proper way to do it is to do it at the expense of the agricultural industries of this country—thinks that sugar and tobacco should bear the burden of the civilization and enlightenment and the amelioration of the conditions of all the heathen of the tropical countries.

Mr. Chairman, I hope your committee will give this matter careful consideration. I believe that there is a duty resting upon Congress in this matter. I believe there is a duty resting upon the United States Government to keep faith with the people. I know that if I had been induced to invest all of my savings by private individuals and under the same circumstances that I have been induced to invest it through the inducements held out by the United States Government, and had been treated in the same way, I should have taken proceedings against those private individuals for a criminal conspiracy against my industry and for a criminal fraud.

I have put my money in this business in reliance upon the pledges I have received. I have put my money in, relying upon the faith that the principles I have advocated were correct, and that they would be upheld by this Government as they have been upheld heretofore from year to year in the great campaigns we have had before the people where that was the issue.

Mr. Chairman, I ask you to consider well this subject. It is a matter of vital and deep importance. If protection is not to be for the producer of wealth, for the laborer and for the agriculturist, who is it to be for? When you strike at this industry you are striking at the laborer and at the agriculturist as well as at the manufacturer. In the beet fields of Michigan to-day we pay to the farmer \$2.33 for every 100 pounds of sugar in the beet. That is the farmer's share of beet sugar this year; \$2.33 went to the farmer and to the farm laborer.

Mr. Chairman, can we compete with the sugar from the Philippines with our raw product at such a cost to the factory? We can not do it. If it is the policy of this Government to have all the sugar we consume produced here, upon American soil, let us have it upon American soil. Do not let us have it upon the soil that we ourselves claim we are simply holding for the purpose of turning it over hereafter to somebody else as their soil, but let us have it on American soil—American soil now, American soil for all time to come. That is my prayer, and should be yours, Mr. Chairman.

I thank you for your attention, and I ask you to give this subject your best consideration and make such a report as you think will best advance the interests of Americans who live in America, who spend

their money in America, who invest their capital for the purpose of building up America as we knew it before the Spanish war, and not afterwards.

**STATEMENT OF MR. FRED R. HATHAWAY,**

*General manager of the Alma Sugar Company, Alma, Mich.*

MR. HATHAWAY. Mr. Chairman and gentleman of the committee, this matter appeals to me very closely indeed. I am a good deal in the situation of the last speaker: Nearly every dollar that I have in the world I have invested in this industry. I invested in it because I believed that my interpretation, at least, of the promises made to the American people by the Republican party and by gentlemen inside the Capitol were inviolable. If that which I have invested is gone it means a great deal to me. It may possibly not mean so much to some one else, but to myself, to my wife, and to my children it means much.

I do not believe, from the careful examination I have given this matter, that we can compete at the present time and under the present conditions with the possibilities of the Philippines in the production of sugar if the bill under consideration is passed. It has been demonstrated from the report of the Agricultural Department and from the report of the Insular Department and from the report of the special agent sent out by the interior department of the Philippines that the cost of producing sugar in the Philippine Islands is from 62½ cents to 95 cents per hundred pounds. It has also been shown, and shown conclusively, and no one can dispute it, that we paid this year to the American farmer \$2.33 per hundred pounds for all the sugar obtained from the beets.

Now, gentlemen, if you will take the cost of producing sugar in the Philippine Islands and to that add the cost of freight, and then add the cost of refining, and using the maximum that is given in the Government reports, that same Philippine sugar can be laid down in the city of New York, not as raw sugar, but as refined sugar, for \$2.22 per hundred pounds, provided the measure this gentleman has introduced becomes a law, and the Filipino pays 42 cents per hundred pounds on his sugar.

Now, gentlemen, that is what we are up against. It is not for the present, but for the future that we plead, and when the Philippine Commission specifies plainly and clearly that there are 50,000,000 acres of land in the Philippine Islands that are well adapted to sugar and tobacco, and when in addition to that they go forward still further and advocate that 25,000,000 acres of these lands be not sold, but given to capitalists, who will go into those islands and develop the sugar plantations on those islands, and when the same Commission's report specifies that each one of those acres can produce five tons of sugar, I reaffirm, gentlemen, that it is not the present but the future that we are looking toward. It is the question of what shall be the ultimate outcome of this.

As a gentleman has said to you here to-day, we must be very careful in this question, not merely from the standpoint of what is best for ourselves, but from the standpoint of what is best for the Filipinos. If the helping the sugar industry is going to result in dividing up the territory of the Philippines into great estates of 25,000 acres each, each

one of those acres being four times as valuable as an acre in Louisiana—if that is true, I ask you to consider in all seriousness whether it is really best to follow a policy that will thus help out any such division of the Philippines. I ask whether it is not for their best interests that we shall follow a policy which will result in subdividing the Philippine Islands into small tracts of from 5 to 10 acres each and allowing men to produce that which we do not produce in any part of the United States. It is a serious question, and I hope you will give it very careful and considerate attention.

Now, here is a gentleman sitting on my right (Mr. Needham) who represents an important State, a State vitally interested in this question; and I tell you, and tell you sincerely and frankly, that if you will allow the untold development of the Philippine Islands in the line of sugar production to enter the port of San Francisco at 25 per cent of the Dingley rate, your sugar industry in California will not be worth in five years 1 cent, except as your factories may be valuable for old iron.

I do not come here this afternoon representing an insignificant industry. Not by any means. As the last gentleman who came before you said, we paid in Michigan this year to our farmers \$2,409,000 for their beets. It was a poor year, so far as the amount of our acreage was concerned, but, gentlemen, do you know what these figures mean? Our Michigan farmers have received three-fourths as much for their beets this year as the entire United States sent of agricultural products, animals included, to Cuba during the last six months.

We are not discouraged, even though the Cuban reciprocity treaty was passed. If you will trace the history of sugar for the last two years you will find that the only country in the world that kept up in the manufacture of beet sugar was the United States.

But, gentlemen, we must link two or three things together. We can not separate this one bill that is now before you from the other measures that are pending and will be pending. You may possibly be able to do it in your discussion, but in thinking about it we can not thus separate it. There are other questions, and the influence of the Administration and the Secretary of War in pushing through the increase from 2,500 to 25,000 acres will be just as potent with another committee as is that influence in pushing through this measure before this committee.

Now, another matter. It has been urged by some members of the committee that the Philippines are a part of the United States, and, consequently, we must give them this reduction. Gentlemen, if they are a part of the United States, is it not an argument which forbids a 25 per cent of the Dingley tariff just as much as an argument forbidding 75 per cent?

The CHAIRMAN. The only justification of the 75 per cent is a revenue for the Philippine Islands. That is the only justification.

Mr. HATHAWAY. That is true. I appreciate that, Mr. Chairman, but the same moral argument that would justify a 25 per cent duty would justify a 75 per cent duty, and vice versa.

Now, the next question. We told you a year ago, or a year and a half ago, when we were here, that we believed we could reduce the cost of producing sugar if you gave us a chance, and before this committee it was thoroughly demonstrated that the cost of producing sugar in Michigan that year was \$4.68½ a hundred pounds. The

cost of producing sugar this year in the State of Michigan is \$4 per 100 pounds.

The CHAIRMAN. How much?

Mr. HATHAWAY. The present cost is 4 cents per pound. Have we not kept our word? We have applied to this problem the best brains which money can secure, and we have tried to bring down the cost of sugar so that we could compete with other people. But, for the Lord's sake, gentlemen, give us a chance.

You may say, "Gentlemen, take only a 50 per cent or a 75 per cent duty now, and go home and be satisfied." We were told that a year ago. But, gentlemen, when we go out of this committee room and meet the people who are responsible for this measure, what do they tell us? "You may go home, if you wish, but, just as sure as the sun rises, we propose to keep up this fight until we have absolute free trade with the Philippines."

Might we not better stay here and do all we can to prevent the passage of this act? The friends of the measure are very much in favor of absolute free trade between us and the Philippines. You will remember, gentlemen, those of you who were members of this committee a year ago, when Mr. Wiley appeared before you, that he made a prophecy as to what the effect of the passage of the Cuban law would be on the sugar industry of the United States; and with your kind permission, I would like to read what he said on that question. Said he:

The concensus of opinion, both on the part of those who favor the removal or reduction of the duty and of those who oppose any change whatever, is that free Cuban sugar would end in the complete destruction of both the cane and beet industries in this country. The death of these industries, in the opinion of some of the witnesses, would be sudden, while others think the blow would not prove immediately fatal, but that the patient might live for a time in a semiconscious and partially paralyzed state, only to succumb at last. Free sugar would, in other words, be a true apoplexy to this now growing giant. It would not be what the doctors call idiopathic in its etiology, the result of age and decay in hardening and weakening the coats of the cerebral arteries, but it would be traumatic in its character—a blow beneath the ear or on the point of the jaw—rendering the patient unconscious, and probably producing immediate death, or at best leaving the patient with a clot on the brain, paralyzing at least half of his body, and making the sorry remainder of his life a burden to himself and to his friends.

If that paragraph, gentlemen, had been written in the olden times—

The CHAIRMAN. You do not agree with that?

Mr. HATHAWAY. Permit me to continue. If that paragraph had been written in the olden times, and eighteen months had passed like the last eighteen months had passed, it would have been called inspired prophecy. I do not say that that which Doctor Wiley stated in that paragraph is literally and accurately true, but—

The CHAIRMAN. How do you reconcile that with your statement that notwithstanding the reduction for Cuba, you still have faith in the growth of the sugar industry—after it was in a dying and comatose condition?

Mr. HATHAWAY. I hoped you would ask that question, Mr. Chairman.

The CHAIRMAN. Then you are gratified to that extent.

Mr. HATHAWAY. If you will examine the history of the beet-sugar industry in the United States prior to the passage of that act, and if

you will note it and study it carefully since the passage of that act, you will find that prior to the passage the industry went forward by leaps and bounds, whereas since the passage of that act there has not been a single sugar factory erected in the United States.

The CHAIRMAN. That is true, and you also stated that this is the only country in the world where the production of beet sugar has not fallen off.

Mr. HATHAWAY. Yes. May I, please, continue? As a matter of fact, over 50 factories have been closed in France, and 80 closed in Germany on account of the abolition of the cartel, and 3 have been closed in Michigan, and notwithstanding this fact, and notwithstanding the fact that no new factories were erected, the sugar in the beets was sufficiently richer this year, compared with last, to enable us to hold our own.

The CHAIRMAN. Do you agree with Mr. Humphrey, that there has been a short crop owing to climatic conditions?

Mr. HATHAWAY. The climatic conditions did not govern it this year.

Mr. HUMPHREY. It was the climatic conditions for the two preceding years that discouraged the farmer.

The CHAIRMAN. We had that cited as a reason why there was less sugar produced in Michigan.

Mr. HATHAWAY. May I bring to the attention of the committee another point? The report of the Philippine Commission, upon which this proposed bill is introduced, is dated December 23, 1903, and it asks that there be a reduction from 75 per cent to 25 per cent of the Dingley rate on sugar, or in other words, the reduction in the tariff on sugar shall be 84 cents per hundred pounds.

The date of that is December 23, 1903. Now, if you please, gentlemen, when that report was made, December 23, 1903, the price of sugar, free of duty, was \$1.815. On the 5th of January of this year—and it has since increased by about 40 cents a hundred—on the 5th of January of this year the price of the same grade of sugar was \$3.50 per hundred pounds. If you will subtract \$1.815 from \$3.50 you will find the increase in the price of raw sugar to the Filipino, since the recommendation of that Commission upon which your bill has been introduced, is \$1.68 per hundred pounds.

The Philippine Commission goes on to say that if they can secure a remission of 84.1 cents in the tariff rates they will have success and prosperity in the sugar business in the Philippines. But the rise in price since they made that recommendation is double the remission of duty which they asked. They asked for a remission of 84.1 cents, but the rise in price is \$1.69 up to the 5th day of January of this year, and it has risen 40 cents per hundred pounds since that time.

Now, gentlemen, if it only required a change of 84 cents in the tariff to make them successful and prosperous, is it not a matter of common sense that if they could get a raise of \$1.68 from some other source, which rise would probably be permanent, they will be even more prosperous? Why give them an additional 84 cents, when they already have \$1.68? It is simply a question of mathematics, that is all. This rise is an actual fact, which you can confirm by looking, if you will, at the sugar quotations on the day on which that report was made and examine the quotations of to-day.

Mr. HILL. You get the benefit of that rise equally as well, so that the proportionate relations are not changed?

Mr. HATHAWAY. No, the mutual relations are not changed, but the absolute relation of the Filipinos has been changed to double the amount of relief which the Filipinos asked to be given them.

At the risk of wearing you, Mr. Chairman, I would like for three minutes to refer to a piece of history. I think we all know that the rise of the beet sugar industry dates from the time Napoleon blockaded the coasts of Europe. He offered a bounty for the production of beet sugar. Then came Waterloo, and the success which had attended the efforts of the French scientists was lost to France.

The idea itself was not lost, and the German scientists took it up. For fifty-six years after Waterloo France had a vacillating policy and changing financial conditions. During all that time Germany had a fixed central government, with growing power and a constant financial policy. The industry which had its inception in France was transferred to Germany, and when the Franco-Prussian war of 1870-71 was closed, we find that in Germany the beet sugar industry which had been transferred to Germany from France, had become the leading agricultural industry of that empire, and France, that had the original opportunity to make a success of the enterprise, had dropped to a second, third, or fourth rate position. Not until after 1871, when France established a stable financial policy, did that industry thrive in that country.

I ask you, Mr. Chairman—you upon whose shoulders rests the responsibility of shaping the financial policy of the United States—I ask you to see to it that the United States shall not make the error which France made, and blast an industry by adopting a vacillating financial policy with reference to this American agricultural industry. Rather may be imitate the stand taken by Germany, and foster an industry which shall be the pride of the entire country.

Another thing to which I wish to call your attention is that while the proposed bill, the bill under consideration, reduces the cost of the finished product, it leaves the cost of the raw product absolutely the same. Just take that into consideration, if you will, that the raw product is left as it was, but that the finished product is changed—is reduced. What is going to be the effect upon the sugar manufacturer?

This is an industry which is peculiar in this, that it must contract for its beets fifteen months before these beets are changed into sugar and the sugar sold. It is obliged to gamble, if you will call it so, on the price of sugar for fifteen months. If you adopt here a vacillating policy on the part of the United States, you can not expect to have capital go into this business and extend this industry so that it will be a source of pride to the entire country.

Mr. HILL. Is there any use whatever found for the pulp?

Mr. HATHAWAY. Yes, sir. Three years ago the Alma Sugar Company, of which I am the general manager, built a pulp drier. The amount of wet pulp, as it comes from the sugar factory, is equivalent to the amount in tons of beets consumed. For every ton of beets we work up we get a ton of wet pulp. I give you that in round numbers. Heretofore the wet pulp has been given away. It cost the Alma Sugar Company, the year before we put in the drier, \$9,780 to get rid of that pulp. We put in the drier. The cost of the drier, together with the warehouse in which we store the dry pulp, is from \$65,000 to \$72,000. The amount of dry pulp produced is six per cent

of the weight of the wet pulp, or, what is the same thing, six per cent of the weight of beets cut. In other words, we have the celebrated ratio of 16 to 1.

Mr. HILL. Is it in solid form, or is it an ash?

Mr. HATHAWAY. It is like wheat bran. The beet is cut into strips about as long as your little finger and about the size of a lead pencil. These are shriveled up in the process of drying until the substance looks a good deal like green tea when dried. This pulp is put into sacks.

Mr. CURTIS. Do your factories feed cattle?

Mr. HATHAWAY. There are no factories in Michigan that feed cattle. An experiment was made with that by a factory at Lansing, but that experiment was not successful and it was not repeated again.

The CHAIRMAN. That saves the \$9,780?

Mr. HATHAWAY. Yes. The operation of the dryer saves the expense of wasting the wet pulp.

The CHAIRMAN. What is the advantage of it?

Mr. HATHAWAY. The advantage of it is this: It eliminates the cost of wasting the pulp, and the profit is equivalent to about 6 per cent interest on the investment.

The CHAIRMAN. On the investment in the dryer plant?

Mr. HATHAWAY. Yes, sir. There are only three plants of that kind in the United States; one at Alma, one at Bay City, and the third at Janesville, Wis.

The CHAIRMAN. Others will possibly follow your example in that respect?

Mr. HATHAWAY. It requires an investment of about \$70,000.

Mr. HILL. Is there any other by-product?

Mr. HATHAWAY. There is only one other possible by-product, and that is the lime cake that comes from it. There is only one factory that uses that, and it has not yet made a success with it.

The CHAIRMAN. The alcohol—

Mr. HATHAWAY. That is equivalent to about 4 per cent of the weight of the beet—the value of that.

Mr. HILL. You mean the sirup, do you?

Mr. HATHAWAY. Excuse me; yes, sir, I am obliged to you. The value of that molasses f. o. b. at the sugar factory depends upon the distance of the factory from the alcohol factory at Bay City. The value ranges from \$2.80 to \$3.50 a ton at the sugar factory.

The CHAIRMAN. You say you pay the farmers \$2.33 a hundred?

Mr. HATHAWAY. Yes, for the sugar in the beet.

The CHAIRMAN. It is not so much a ton for beets, but so much for the sugar.

Mr. HATHAWAY. It works out the equivalent of that. I will explain to you the form of contract used in Michigan for buying beets. We pay the farmer \$4.50 per ton for beets testing 12 per cent sugar, and  $3\frac{1}{4}$  cents for each additional one-tenth per cent of sugar in excess of 12 per cent, and subtract the same for each one-tenth per cent less than 12 per cent. The average per cent of sugar this year in Michigan was 15.3, which made the farmer's price on beets \$5.60 a ton, or an equivalent to \$2.33 a ton for each hundred pounds of sugar obtained from the beets.

The CHAIRMAN. You have increased the percentage of saccharine matter in the beets?



Mr. HATHAWAY. Yes. The amount in the beets last year was 14.35 That has gone up to 15.3 this year. The highest ever attained in Michigan was three years ago, when the average per cent of sugar in the beet was 15.5.

The CHAIRMAN. What was the lowest one?

Mr. HATHAWAY. The first year the average was between 13 and 14 per cent.

The CHAIRMAN. And how does the price you pay the farmer this year correspond with the price two years ago?

Mr. HATHAWAY. It is the same exactly for beets testing 12 per cent of sugar.

The CHAIRMAN. That is all I care to ask. Are there any other questions by members of the committee?

Mr. HATHAWAY. Mr. Humphrey calls my attention to one point, that the contracts under which the farmer raised his beets last fall were drawn fifteen months earlier. The price of sugar was then the lowest it has ever been. A year ago we obtained a good deal less for our sugar.

Mr. HILL. Where is your market?

Mr. HATHAWAY. I thank you for that question, sir. The major part of the Michigan sugar is sold in the State of Michigan—about two-thirds of it. We this year made in the State of Michigan 103,-200,000 pounds of sugar. The other markets are chiefly Chicago, Milwaukee, Minneapolis, St. Paul, and Duluth. Our object in shipping to those points is to save freight. That is a large advantage.

Mr. NEEDHAM. Your contracts are more liberal than the California contracts?

Mr. HATHAWAY. Yes.

Mr. NEEDHAM. They say "at least so much?"

Mr. HATHAWAY. Yes, sir.

Mr. NEEDHAM. They do not average in California over \$4.50 a ton?

Mr. HATHAWAY. About \$5 a ton, I understand.

The CHAIRMAN. Is there anybody else who desires to speak?

Mr. PALMER. Mr. Smith, of Owosso, is here, and he would like to be heard.

#### **STATEMENT OF MR. CARMAN N. SMITH,**

*Representing the Owosso Sugar Company, Owosso, Mich.*

Mr. SMITH. Mr. Chairman and gentlemen, I shall not deal in any statistics. I think the committee is sufficiently well informed to be convinced of one thing, and that is that sugar can be made in the Philippines and supplied to the markets in this country at a price to render it impossible for beet-sugar factories in this country to compete. Consequently the proposed reduction of the tariff on sugar from the Philippines would be injurious, if not positively ruinous, to the beet-sugar industry, and to all domestic sugar manufactories in this country.

I assume that the committee is convinced of that, not that this ruin or destruction would necessarily come at once, because there would naturally be some delay before the production of sugar in the Philippines would be sufficient to supply the demands of this country: but the particular phase of this question which I wish to make a few remarks upon is largely a personal phase—a political phase—as you might say.

I have been accustomed to believe and to talk in favor of protection. In the course of some misguided remarks that I have probably made in earlier years, I have quoted some of the gentlemen sitting at this table [laughter] as the apostles and high priests of the protective policy of the Republican party. I had come to believe that the policy of protection was a fixed and firm policy—a part of the Republican policy of government.

I preached that, and believed it, in the firm conviction that it had produced to a large extent the prosperity which this country has enjoyed. I think in that that I have had the indorsement of all the political platforms and of all the political orators of the Republican party for a good many years, and it came to be a firm conviction in my mind that this was a fact, and that so long as any industry—any home industry—calculated to develop the resources of this country, needed protection in order to grow to its full strength, just so long the people of this country were absolutely safe in depending upon and in relying upon the pledges and the history and the record of the Republican party in guaranteeing protection to such industries.

Under that belief, when some of my business associates began to investigate the question of investing money in the manufacture of beet sugar in the State of Michigan, I took up the matter of determining the physical characteristics of the soil and the best possibilities of making sugar in the State of Michigan, and after having given it such careful consideration as was then in my power, I made a report and a recommendation to my associates, who were largely Pittsburg and Philadelphia people, and I advised them that it was a safe and conservative business proposition to invest money in the manufacture of beet sugar in the State of Michigan.

I stated in my report at the same time that the only possible danger that I could see lay in the remote possibility of some change being made in the protective tariff on sugar, that would make it impossible to produce sugar at a cost to compete with the production of sugar in oriental countries. But I said I believed the Republican party was pledged to the protective policy to such an extent that, until the sugar industry has developed to a point where it can supply the consumption of this country, there is no possible danger from that source. And therefore I said, "This may be properly disregarded, and I believe the business is a safe, conservative enterprise."

However much they may have been influenced by this recommendation, the course followed was such that it resulted in these gentlemen investing something over \$2,000,000 within the last three years in the sugar industry in the State of Michigan.

The CHAIRMAN. When was that?

Mr. SMITH. That was in the fall of 1902, prior to the passage of this Cuban bill. We had so far begun, when this Cuban reciprocity bill came up, that it was impossible to recede. I am perfectly frank to say to you gentlemen that if I had had the remotest suspicion—

The CHAIRMAN. That was after the Porto Rican tariff bill passed.

Mr. SMITH. I think it was after that; yes. If, as I say, I had had any suspicion, if the committee please, in the first place, that this Cuban reciprocity bill would be passed in the shape it was passed, and in the next place, that we should be obliged to face the danger of free sugar in the Philippines, I am perfectly frank to say that under no circumstances would I have recommended such investment. But

we are now in, and being in, we are not in the habit, as the stand-patters would say, of squealing. We are going to get out of it as best we can.

But I do think we might properly suggest that in a sense the money that has been put into this business has been obtained under false pretenses. I think we had a perfect right to rely on the stability of the Republican policy of protection, and I want to say right here that if there is any industry that has invested its money in developing the resources of this country in the United States to-day which is entitled to the protection of a protective tariff, and entitled to it for the reason that it is developing an industry that has not yet reached the possibilities of its development—that it is, in other words, an infant industry that is progressing, and through the progress that the proper fostering care from this Government can promote will eventually supply the entire consumption of the United States, it is the beet-sugar industry in the United States to-day.

We have two factories. We built the largest factory in the State of Michigan at Owosso. We bought another at Lansing, and we bought a farm of 10,000 acres in the Saginaw Valley, and we put our money in, as I say. We do not ask you to help us to employ it and to earn dividends on it, but we do think you gentlemen ought to keep your hands off for a reasonable length of time and give us a fair show to get our money out.

The CHAIRMAN. When you were studying this question did you happen to notice that the McKinley Act and the Dingley Act, and in fact every protective measure, put protective duties on articles imported from foreign countries only, and not from a part of the United States?

Mr. SMITH. Well, that is true; but the possibilities of absorbing all of the Orient we had no idea of. We had no idea, Mr. Chairman, that this country was going to develop a colonial policy or an imperialistic tendency to the extent that it would absolutely smother those who have made this country what it is, those who have created this Government.

The CHAIRMAN. I understood you to say you had made this investment in 1902.

Mr. SMITH. Yes, that was three years ago.

The CHAIRMAN. That was after the absorption of this territory, and after the policy had been declared, in obedience to the universal demand of the people of this country, to give free trade to Porto Rico ultimately, and after the fact had been stated that we were in honor bound, growing out of some representations made by the late President McKinley, to give reciprocity to Cuba on account of their acceptance of the Platt amendment. That was after that, and still you claim we are in honor bound, because you have put your money into those factories, to maintain this tariff against the Philippine Islands.

Mr. SMITH. I never thought it was particularly brave for this Administration, either in its legislative or its executive departments, to hide behind the memory of the late President McKinley. As near as I have been able to ascertain, nobody has been able to put his finger on a statement made by President McKinley to the effect that he had pledged under any considerations to give reciprocity to Cuba at the expense of our own institutions. The challenge to produce such a statement has been repeatedly made and never met.

The CHAIRMAN. I beg to differ with you on that. But leaving out, the example of Porto Rico, it seems to me, ought to have put you on your guard.

Mr. SMITH. Well, Mr. Chairman, I want to say this: I do not think that anybody, even in the Halls of Congress, has been able to tell exactly where we stand, or exactly what construction would be put upon the relations which the Philippine Islands bear to this country. I always thought that Mr. George Ade came as near as anybody else to a proper characterization of the situation when he said that the Supreme Court had decided that the Constitution follows the flag on Mondays, Wednesdays, and Fridays. [Laughter.]

The CHAIRMAN. That is hardly fair to the Supreme Court, but you can make that interpretation of it if you desire.

Mr. SMITH. That is merely a quotation. He refers to that in the "Sultan of Sulu."

The CHAIRMAN. I think the decisions of the Supreme Court in these cases were right. Of course I believe that way myself. A man believing the other way would be apt to criticise.

Mr. SMITH. I have always believed—of course that is not a matter of this discussion. The Democratic members are largely absent, I see, or the remark might be appreciated—and I still think the bargain we got on the bargain counter in the Spanish war was a good deal of a gold brick. [Laughter.] If we had any way of disposing of the Philippines now and getting rid of them, it would be a good thing.

The CHAIRMAN. Perhaps you are like me in that; you do not see any way to get rid of them?

Mr. SMITH. It is like the case of a man who had the bear by the tail. He wants some one to help him let go. [Laughter.]

The CHAIRMAN. You will agree that under the decisions of the Supreme Court, the present tariff puts the duties only upon goods coming from foreign countries, and therefore the Dingley law has no application to goods coming from either of these possessions, except by act of Congress.

Mr. SMITH. Certainly. If it is thought for the best interests for the Filipinos and the best interests of this country that this bill should be passed, as good citizens we will not precipitate a revolution. We will try to conserve as much of our fading estates as possible. But if the committee can find any way out of it, we would like to escape the pestilence as long as possible. I am firmly convinced that if we are given a reasonable time to develop the sugar industry in this country, we can make it possible to compete with any country.

I believe that American brains will eventually overcome any natural disadvantages that we may suffer in competition with any oriental countries. Just as soon as that happens—just as soon as we are able to meet that competition, I may say now—we are willing to have the duties taken off.

The CHAIRMAN. I am a firm believer in the quality of American brains that is able to overcome any difficulty.

Mr. SMITH. I am willing to admit that the brain responsible for the investment of several million dollars in the sugar industry in Michigan do not appear now to have been of very good quality [laughter], lacking at least the gift of prophecy.

The CHAIRMAN. I understand that your company owns several thousand acres of land?

Mr. SMITH. Yes; we bought 10,000 acres. It is land that had to be reclaimed. It is in the valley of two rivers, about 25 miles from Owosso.

The CHAIRMAN. Are you able to say what the saccharine matter in those beets cost you a hundred?

Mr. SMITH. I am able to, but I would rather not, because they have cost us more than it cost the average farmer to raise them [laughter]. The reason for that is this: This land which we are reclaiming is bottom land. Last March, on the occasion of unusually high water in the Saginaw Valley, there was 8 feet of water covering this farm. That was farming under difficulties [laughter]. It is what you might call aquatic farming [laughter]. The excessive water in the land upon which we produced our beets resulted in a lower percentage of sugar and a comparatively small tonnage of beets. The land was so saturated with water that we got poor results.

The CHAIRMAN. You have not given up raising beets on these 10,000 acres, have you?

Mr. SMITH. No, sir; we shall not give it up until we are driven out of the business by the superior wisdom [jocularly] of some of our legislative representatives here in Washington. Then we will, perhaps, raise cabbages—which may appear better adapted to the development of the average intellect of these people. [Laughter.]

Mr. HUMPHREY. I just wanted to say that one factory—in answer to a question you ask—one of these factories which is said to be in the hands of a receiver, has tried to raise its own beets. When they could not contract for enough beets, they rented land and tried to raise their own beets; and last year, in Saginaw County, they lost \$16,000 in selling the beets to their own factory at the prices that have been given you—\$4.50 for 12 per cent beets and 3½ per cent for each per cent additional. And they then took to renting the land and hiring men and putting their men in under the charge of foremen to raise their own beets, and like all “gentleman farming,” it was not a success. [Laughter.]

The CHAIRMAN. It goes to show that the average Michigan farmer knows more about his business than these people do who go out there to invest their money.

Mr. HUMPHREY. A great deal more about it than Michigan capitalists.

Mr. SMITH. I do not want to leave a wrong impression in your minds about our agricultural experience. We raised 6½ tons per acre on our land instead of 9 tons, which is about the average which the farmers raise. That represented a little more than the actual loss. We got 4,500 tons of beets, and they cost us about \$6 a ton, while we actually got out of them—charging the factory with the percentage of sugar in the beets—about \$5.50. We actually got out of them about that much.

The CHAIRMAN. Your idea is that if there had not been a leak in the river you would have got them as cheaply as the Michigan farmer raises them?

Mr. SMITH. There is no doubt about that. Next year we expect to increase our acreage up to 3,000 acres.

I think you gentlemen know, perhaps, as much about the merits of this question as I do. You have the advantage, of course, in the dis-

-cussion, and all I can say is to express my opinion and to hope that we shall get as fair treatment as you think is consistent with the best interests of everybody concerned. We are not the whole country. We are only a part of it. We expect to try to live here, and we believe we are entitled to your consideration, and we think we will have it.

But if, in your wisdom, legislation shall be enacted that drives this industry to hopeless ruin, I have one request to make—that some one of the famous leaders of the Republican party (perhaps he now sits at this table) be delegated to clamber to the top of our falling smoke stack—the same smoke stack that furnished the text of your most effective campaign oratory—and there plant the victorious banner bearing the inscription, “Protection and prosperity.”

The CHAIRMAN. Is there anyone else to speak, Mr. Palmer?

Mr. PALMER. Mr. Eccles, of Utah, will not be able to be here later in the week, and if you can hear him now I would be glad.

The CHAIRMAN. Let Mr. Eccles proceed.

### STATEMENT OF MR. DAVID ECCLES, OF OGDEN, UTAH.

Mr. ECCLES. Mr. Chairman and gentlemen, I just got here yesterday accidentally and did not know anything about this committee meeting on the sugar question until my attention was called to it by Mr. Palmer.

I am interested in the sugar business out in Utah. We have three factories there in Utah that I am interested in. There are more than that there, but there are three that I am particularly interested in. As far as I can learn, if this bill becomes a law to admit Philippine sugar free, or anything near it, it will kill our industry.

The CHAIRMAN. A little louder, Mr. Eccles, please.

Mr. ECCLES. I say, as far as I understand this bill before you gentlemen now under discussion, if that is passed and becomes a law it will kill our industry of raising beets and making sugar in the western country.

One reason for that is, we pay an average of about 2½ cents for every pound of sugar that we get out of the beet to the farmer. We pay him that for the beets put in our sheds, before they get into the factory. We have to ship our sugar from Utah. About three-quarters of it comes east of the Missouri River, as our local population is not large enough to consume it.

I understand by listening here this morning that they have a freight rate from the Philippines of some 26 cents a hundred. I find that we pay 55 cents a hundred to get to the Missouri River.

Mr. HILL. That 26 cents is the water freight.

Mr. ECCLES. Yes, sir. But it gets it here just the same. Out in our part of the country we have a good many people that raise beets—small farmers. At one of our factories we have something like over a thousand contracts, at another nine hundred, at another about four hundred, so that there are many people interested in the raising of beets. We received ourselves this last season about 120 and some odd tons of beets.

There are a number of factories that have just been put up—two in the last year close by us in Idaho. Part of them belong to some Utah people. They have just got started, and we find that any new factory

starting has got to run several years before it makes a success. I am interested in one factory out in Oregon, in the Grande Ronde Valley. We have been at it seven seasons. We have tried in every way to make it a success. This year is the first year we have made any money, and that is but little. We have run at a loss right along for something over six years. This year we raised something over 20,000 tons of beets. There is no man who knows anything about the beet business, and the making of it into sugar, who does not know that from this size of a crop there is no money to be made. It has got to be a large-size crop and a large yield of sugar.

I have a statement here with me that was made out last year. It gives for illustration the figures of the Ogden factory, which is one of the most successful we have had:

*General results, beet tonnage and sugar yield for six years, Ogden.*

Year.	Sugar.	Purity.	Tons of beets.	Bags of sugar manufactured.	Yield.	Loss.	Superintendent.
1898.....	15.18	83.54	15,205	35,716	11.74	3.4	Dyer.
1899.....	13.9	81.8	30,163	58,348	9.67	4.23	Dyer.
1900.....	14.04	82.9	27,331	59,126	10.81	3.23	Dyer.
1901.....	13.43	80.8	41,461	82,009	9.89	3.54	Dyer.
1902.....	13.84	81.8	42,472	88,883	10.46	3.38	Dyer.
1903.....	14.41	79.5	44,485	94,985	10.67	3.74	Dyer.

That makes an average of a little over 10 per cent in six years. Ten per cent is 2,000 pounds.

Mr. HATHAWAY. Short tons?

Mr. ECCLES. Yes, short tons of 2,000 pounds. We pay for these beets \$4.75 a ton to the farmer. We pay a part of the freight, and we have got to unload them into our shed. In round figures they cost us \$5 a ton—sometimes a few cents more, and sometimes a few cents less. That is, from a ton of beets, which amounts to \$2.50 a hundred pounds of sugar that we pay to the farmer.

Now, then, we find in our part of the country—I will give you the distribution of where it goes to, or, rather, where it went to in 1903-4, which is the campaign of 1903-4. In other words, we started in the fall of 1903 and did not get through until early in 1904. Our Ogden factory made 104,988 bags of sugar, or 10,498,000 pounds. We sold in the Logan market 11,168 bags. To other points in Utah we sold 8,900 bags; in Idaho, 1,460 bags; in Wyoming, 300 bags; in Montana, 3,060 bags; in Kansas, 6,300 bags; in Iowa, 31,900 bags; in Missouri, 19,800 bags; in Nebraska, 15,100 bags; in Illinois, 400 bags; in South Dakota, 5,500 bags; in Minnesota, 500 bags. That was the disposition of 104,988 bags of sugar manufactured in the season of 1903-4.

Here is the distribution of sales of granulated sugar:

	Bags.		Bags.
Ogden .....	44,203	Minnesota .....	1,000
Balance of Utah .....	15,730	Kansas .....	3,200
Wyoming .....	8,685	Nebraska .....	3,300
Idaho .....	1,930	South Dakota .....	500
Montana .....	12,900		
Iowa .....	3,800	Total .....	101,453
Missouri .....	6,205		

The freight on that sugar cost us as follows:

*Freights to the various localities.*

From factory to—	
Ogden	2 cents per bag.
Balance of Utah	8 cents to 15 cents per bag.
Wyoming	43 cents to 57 cents per bag.
Montana	65 cents to \$1 per bag.
Iowa	55 cents to 60 cents per bag.
Missouri	60 cents per bag.
South Dakota	62½ cents per bag.
Minnesota	60 cents to 65 cents per bag.
Kansas	60 cents to 70 cents per bag.
Nebraska	55 cents to 78 cents per bag.

Mr. HILL. Did you meet any competition in that territory, or were you able to control the trade there by reason of freight rates?

Mr. ECCLES. We meet the competition from all over, and go in and sell it on the open market.

Mr. HILL. Did you meet the competition of cane sugar in that territory?

Mr. ECCLES. I mean that; I mean cane sugar. It comes from the South here. Of course all of our factories ship practically a similar amount probably to similar territory. The figures I used covered one factory.

Mr. HILL. The point I wanted to get at is, by virtue of the freight charges you were able to control a certain circumscribed territory?

Mr. ECCLES. No, sir. From the Missouri River east we call that our dumping ground—our dumping market—where we take whatever we can get for it. When we pay that freight, we must compete with the whole country. Last year some of this sugar was shipped, and we realized \$3.80. That, of course, is not the average. It is the average, however, of what we ship to some of those points. If we had to send it all and sell at that price, which I am pleased to say we do not, we would want to shut our factory down. We could not do it.

If the Philippines can raise the sugar that they claim they can raise, and I understand they can, and that sugar is allowed to come here free of duty, or practically free, it is only a matter of time, and a short time at that, when we will shut up. When we went ourselves into the sugar business in our part of the country we raised and might still be able to raise enough for our own consumption at home, where we would have the freight differentials in our favor. Possibly something might be done there—a little—but it would stop the development and building of factories, and stop the running of three-fourths of what we have there, and I presume that it is the same in Colorado, with the exception that possibly they are a little closer to the market, and the freight would not be quite so high.

The CHAIRMAN. Would you like to have that record printed in the hearings, Mr. Eccles?

Mr. ECCLES. I have no objection.

Mr. DALZELL. You want the original yourself again, do you?

Mr. ECCLES. Yes. I have this with me incidentally. I came East and had this in my satchel. I have carried it with me for over a year.

The CHAIRMAN. If you have no objection we will print a part of it and have it returned to you by the clerk of the committee.



Mr. ECCLES. Do you mean the whole thing, or only what I have read?

The CHAIRMAN. Any portion of it that you want printed will be printed.

Mr. ECCLES. Thank you.

The CHAIRMAN. Is there anyone else who wishes to be heard now? If not, the committee will stand adjourned until to-morrow morning at 10 o'clock. To-morrow the tobacco interests of the United States desire to be heard.

Mr. Palmer, have you anyone else who wants to be heard this afternoon?

Mr. PALMER. I do not think so.

The CHAIRMAN. Very well, then; without objection the committee will stand adjourned until 10 o'clock to-morrow morning.

Thereupon, at 4.20 o'clock p. m., the committee adjourned until 10 o'clock on Wednesday morning, January 25.

## TOBACCO AND CIGARS.

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COMMITTEE ON WAYS AND MEANS,  
*Wednesday, January 25, 1905.*

The committee met at 10 o'clock a. m., Hon. Sereno E. Payne in the chair.

The CHAIRMAN. We will hear Mr. Frye, of Connecticut.

### STATEMENT OF MR. H. S. FRYE, OF WINDSOR, CONN.

MR. FRYE. I am president of the New England Tobacco Growers' Association and supposed to represent the tobacco interests of New England.

As I understand House bill 17752, there are two objects sought to be accomplished, the first and primary one being to rehabilitate the industries of the Philippine Islands; second, to increase the revenues of the insular government, and both by largely increased exports from there to this country. Out of deference, I suppose, to the feelings of two interests in this country, sugar and tobacco—the latter being a very large and widely extended interest—the “tariff butchering” project embodied in this bill hesitates at taking the whole hide and proposes to leave those interests the tip of the tail.

The CHAIRMAN. The object of the bill is to raise revenue for the use of the Philippine Islands. Having taken off about \$340,000 of their income by abating the export duty on hemp coming to the United States, the question arose with the Department about further income and the duty is put on primarily for income. The matter of protecting one part of the country as against another is a question—

MR. FRYE. I beg pardon. I read the bill, but I thought that was the first object. I am perfectly willing to reverse it, Mr. Chairman.

I am sure we ought to feel grateful. It is an old and trite saying, “small favors thankfully received;” another one also, “never look a gift horse in the mouth;” but in the privacy of our own barnyard I submit, we are all apt to disregard that, for it is decidedly unwise not to do so, so I propose to carefully look this animal over before I indulge in ecstatic demonstration of gratitude to the giver of it.

Briefly, the proposition is to impose a duty of only 25 per cent of the Dingley rates on sugar and tobacco. I will drop the sugar question from now on, since I feel that an interest competent and able to “hold up” Uncle Sam for two years, thus threatening this country

with national dishonor and repudiation, with the inevitable sequence, if successful, of a war of subjugation, and annexation of the largest sugar and tobacco producing island in the world, is perfectly competent to take care of itself, or I would think so if I had not recently learned that by its absurd opposition to a reasonably fair compromise proposition it had reopened the whole question, with the prospect of having to accept 25 per cent instead of 50 per cent of the Dingley rates. Let us see for a moment just what this 25 per cent of the Dingley rates means to the tobacco and cigar interests of this country. It means a reduction in the duty on wrapper leaf of \$1.38 $\frac{1}{2}$  per pound, or from \$1.85 to \$0.46 $\frac{1}{2}$ , and on filler leaf from 35 to 8 $\frac{1}{2}$  cents per pound.

This is not all either, for as there never has been made a law, and never can be, that will justly and equitably collect wrapper duty on any appreciable quantity of leaf tobacco imported that can be used here for filler purposes (and Manila tobacco can be), the result will be that nearly all Philippine leaf tobacco, wrapper and all, will actually pay only 8 $\frac{1}{2}$  cents per pound duty. I begin to wish the other fellow had kept his horse. We did not dream of such things when, after a terrific fight, we got our low tariff Democratic friends to give us a dollar and a half a pound protection on wrapper leaf in the Wilson bill, and we have been so everlastingly grateful for the one dollar and eighty-five cents a pound duty the Dingley bill gave us we have kept pretty much all this country Republican ever since. I submit, Mr. Chairman, it is pretty tough to endure the suspicion that our old friend and benefactor is liable to go back on us now, and largely, too, as a matter of sentimentality, there being no question of national honor or repudiation involved.

I pass over the fact that the reduction on cigar duties under this bill would be from \$4.50 per pound and 25 per cent ad valorem to \$1.12 $\frac{1}{2}$  per pound and 6 $\frac{1}{2}$  per cent ad valorem, for our cigar friends here are more competent to handle that matter than I am; briefly, however, pointing out another little joker hidden away in the hide or carcass of this gift horse, to wit, entire exemption from all internal-revenue taxes or export duties, our domestic manufacturers have to pay a direct tax of \$3 per thousand on all cigars they make.

Mr. HILL. How is that, Mr. Curtis? Under the terms of this bill, while they are exempt from the internal-revenue tax of the United States, they would have to pay the internal-revenue tax the moment the cigars entered this country?

Mr. CURTIS. I so understand it.

Mr. FRYE. I did not so understand it. What is the opinion of the Chairman?

The CHAIRMAN. I am inclined to think so, although I have not looked at the law.

Mr. FRYE. It is not so understood by the tobacco men. Everybody I have seen—I saw several men representing the trade on my way here, and they all talked in the same way.

Mr. DALZELL. They certainly would have to pay the tax unless they were specifically exempted.

The CHAIRMAN. It would depend on the terms of the law. You can proceed, Mr. Frye.

Mr. FRYE. I am not in a great hurry. My brief is short and I will

get through long before the other gentlemen arrive. That is the assumption of the trade.

Also the same direct tax is levied on all cigars imported from every other country in the world, even our second born, little Porto Rico, not exempted. The bigger our family of alien nondescripts grows the better we seem to like them, natural enough in our own family to think the last baby the nicest of all, but, in this case, I submit, Mr. Chairman, the color is getting too variegated. Seriously, Mr. Chairman, there seems to be a discrepancy in statements made that would be well to look into. Two years ago, in numerous cablegrams, Judge Taft, then civil governor of the islands, represented that the cigar interests there were greatly depressed, that the operatives there were on the verge of starvation, etc., but I understand the prospectuses of the leading cigar manufacturers in Manila claim they are not able to keep up with their orders, that wages of cigar makers there have greatly increased, and that these facts have been emphasized by the Secretary of War. I am afraid this horse is liable to pull both ways.

Now, Mr. Chairman, I will try to be serious. Boiled down, the proposition is to make the tobacco and cigar interests of the Philippines more prosperous by opening the market at home here to nearly free imports of Manila tobacco and cigars; the more they can sell here the better for them, and also the worse for our domestic leaf and cigar interests, and yet, unquestionably we have got the islands, and I assume we are under some moral obligation to make them more prosperous than ever before, but to do so involves the necessity of injuring our own home industries to the same extent that we benefit theirs. It strikes me, Mr. Chairman, that we are much in the condition of the fellow who bought the elephant and did not know what to do with it after he got it, with this difference, however: I heard he bought the animal very cheap; it did not cost much more than this gift horse; certainly he did not pay anywhere near \$20,000,000 for it. Probably he was a sharper trader than Uncle Sam.

Having a natural fondness for being fair and square, and wishing to be reasonably fair and just in this matter, I had personally acquiesced in the compromise proposition of 50 per cent of the Dingley rates, but now, this question having been reopened, I "stand pat" for the resolution of the New England Tobacco Growers' Association, adopted January 10, 1905, and in the name of the New England tobacco farmers protest against any further reduction in the duties on Philippine tobacco and cigars.

The CHAIRMAN. Do you know about what the importation of tobacco is in the United States from all countries?

Mr. FRYE. I have not kept tab on statistical matters recently, and therefore have not had anything of the kind prepared. I had to come down to represent my people before I had anything in the way of statistical information at hand. I think that the tobacco interests will be able to give you all the information which you desire on those points.

The CHAIRMAN. The leaf tobacco coming into the United States from Manila is about 200,000 pounds, while they are annually exporting about 20,000,000 pounds.

Mr. FRYE. Yes, sir.

The CHAIRMAN. Is it not a fact that the grade of tobacco there is very poor?

Mr. FRYE. Naturally you know very much more about that matter than I do.

The CHAIRMAN. That is a fact—that it is a very poor grade?

Mr. FRYE. Yes, sir; I understand so. I will say that I asked a few of our old manufacturers—I mean aged men like myself, who can remember back to the time when Manila tobacco came here, and you understand it has not come here since the war tax was put on in 1861—I asked Mr. Schott, in Hartford, one day about what the quality of the cigars were, whether they were any better than our old Connecticut seed cigars, made from seed tobacco. He said no, they were not as good as the Connecticut seed cigars. The Connecticut seed cigars have entirely gone out of the trade now.

The CHAIRMAN. There is nothing that comes in competition with the Connecticut wrapper from the Philippines, so far as you have discovered?

Mr. FRYE. I will leave that matter for the people who have probably looked it up more than I have.

I thank you very kindly, Mr. Chairman and gentlemen of the committee, for your attention.

The CHAIRMAN. Now, gentlemen, you may decide among yourselves who is to be the next speaker.

Mr. BIJUR. Mr. Chairman, most of the people have asked me to present a statement for all of them.

The CHAIRMAN. Very well.

#### **STATEMENT OF MR. A. BIJUR,**

*President National Cigar Leaf Tobacco Association.*

Mr. BIJUR. In presenting this statement, we speak for a trade now thoroughly organized, including the National Cigar Leaf Tobacco Association, the Cigar Manufacturers' Association of America, the Clear Havana Manufacturers' Association, the Independent Tobacco Manufacturers' Association, the Retail Cigar Dealers' Association, the New England Tobacco Growers' Association and other organizations of the cigar leaf growers in the various States. We are also advised that our views are shared by various steamship companies, warehouse interests, cigar box makers, silk ribbon manufacturers, lithographers, and others. The majority of these interests are represented in our delegation here to-day. A special delegation representing the Cigar Makers' International Union will present their views, in which we heartily coincide.

If a bill providing for a further reduction on Philippine tobacco and its products passes at the present session of Congress, it will be the fifth tariff reduction measure affecting the tobacco interest that will have been put into effect in a period of seven years, in addition to three changes in rates of internal revenue on tobacco products made by the Spanish war revenue act, its amendment and repeal. As a result of our war with Spain, three great tobacco and sugar producing countries, Porto Rico, Cuba, and the Philippine Islands, came into close relationship with the United States. A wave of philanthropy, carefully fostered and developed by various business interests, swept over the country and demanded that economic favors should be shown to what were variously known as the wards of the nation and our new

colonial empire. This charitable sentiment reflected credit on the heart of the great American public, but the tobacco trade may be pardoned for its cynicism if it persists in wondering how much the demand for tariff reductions would have been lessened had these islands produced a variety of commodities, competitors of domestic products, in quantities relatively equal to their production of sugar and tobacco.

The tobacco trade, as a whole, has raised no objection to the tariff gifts made at its expense where it has felt that it could afford to give the amount asked. Even in the case of the Cuban Reciprocity Treaty, when the early 50 per cent reduction proposition resolved itself finally to a reduction of 20 per cent, our objections were more that the bargain made was ill balanced and to the disadvantage of the United States than that very serious results would follow; our most pessimistic predictions have been verified by the 75 per cent increase in the import of cigars, the 30,000 bale decrease in the importation of tobacco, and the absence of any decided increase in our exports to Cuba.

The CHAIRMAN. Kindly give the amount of the importations previous to the passage of the act and subsequent to justify any such statement as that.

Mr. GROSVENOR. Please come down to the present time; do not take the first year following the reciprocity act.

Mr. CROUNSE. We can give you the figures for 1902 and 1904.

The CHAIRMAN. Very well.

Mr. CROUNSE. The leaf tobacco imports for 1902 were 22,288,000 pounds, and for 1904 19,110,000 pounds. Those are the figures for the calendar year and were procured from the Bureau of Statistics yesterday. They represent a loss of something over 3,000,000 pounds or, as Mr. Bijur says, 30,000 bales. The import of cigars in 1902 were 479,096 pounds, and in 1904 819,346 pounds, or 77 per cent increase.

The CHAIRMAN. Where do you get those figures?

Mr. CROUNSE. From the Bureau of Statistics.

Mr. BIJUR. Any figures we submit are taken from Government reports, and in the brief there will be an appendix containing the reports.

The CHAIRMAN. That is from Cuba.

Mr. CROUNSE. Yes, sir. I will say further that comparing our exports to Cuba (which include no tobacco, and, therefore, are not of direct interest to our trade) of four years ago with those of last year, we made a gain of 1 per cent in four years and the gain of Cuban exports to the United States were 150 per cent.

The CHAIRMAN. And you succeeded in defeating the House bill which would have been much better than the treaty?

Mr. CROUNSE. At the further expense of the tobacco trade.

The CHAIRMAN. Not at all. The House bill made no more reduction on the tobacco than did the treaty. You succeeded in defeating that bill, which would have been much more favorable to our exporters to Cuba than was the treaty, as the reduction in the duty was much larger in the House bill than in the treaty. So it is hardly fair to quote against this committee the result of Cuban reciprocity.

Mr. GROSVENOR. Let me give you the increase in Cuban importations alone. In the year 1901 before the reduction they amounted to

544,899 pounds, or 33.10 per cent over the year previous. The year following the increase was only 19 per cent.

Mr. BIJUR. Immediately after the war in Cuba, in 1898 and 1899, very short crops were raised and the normal profit was received for the first time on the 1900 crop, which came here in 1901.

Mr. GROSVENOR. They always have a long or short crop to meet all emergencies.

Mr. BIJUR. Those are natural conditions we can not ignore.

Mr. HILL. The figures which the gentleman gave were the total importations from all countries. The figures from Cuba instead of being 819,000 were 650,180 pounds last year.

Mr. CROUNSE. Those are the figures for the fiscal year?

Mr. HILL. Yes, sir.

Mr. CROUNSE. These are the figures for the calendar year.

The CHAIRMAN. The committee will have to examine the imports for every year. You single out the calendar year 1904, which, of course, I assume is the best for your purpose.

Mr. CROUNSE. The calendar year figures were given simply because they are the latest, and the only comparable ones. The fiscal year figures for 1904, quoted by Mr. Hill, include six months before the treaty took effect and six months after it went into operation, and are valueless.

The CHAIRMAN. We will examine all of them and find out about it.

Mr. BIJUR. So that when we say that the proposed 66½ per cent reduction on Philippine tobacco and its products to 25 per cent of the Dingley rates means disaster to our cigar leaf-tobacco growing interest, and the transfer of the greater part of our manufacture of cigars to those islands, we expect this statement to be accepted as a truthful representation of our opinion, without color or exaggeration of any kind. As we may, with all due modesty, claim to be experts in the matter of tobacco and cigars, we must regretfully decline to consider the opinions contrary to our view of this matter, as expressed by the various great newspapers, which have assured us that we are a "pretty mean lot," "panic-stricken cowards," "robber barons," etc., and above all things that we certainly don't know as much about the cigar and tobacco business as a newspaper editor.

It is very rare indeed that some ingenious outsider can not conduct an affair better than the man who has made a lifelong study of the subject, and the problem of how much harm would be done the tobacco trade by the reduction provided for in the Curtis bill, is no exception to this rule. A great deal has been made of our total annual production of 7,000,000,000 cigars, as compared with the present Philippine production of 150,000,000. If this present Philippine output were all that had to be regarded, the cigar manufacturers would not view the prospect of tariff reduction with serious apprehension. But little Porto Rico is to-day sending to the port of New York alone 58,000,000 cigars a year, and the Philippines are thirty times as great in area and have eight times the population of Porto Rico.

Mr. CURTIS. How many of the islands in the Philippines are adapted to tobacco production; only about three?

Mr. BIJUR. The largest islands are adapted to the production of tobacco, and exceptionally well adapted to the production of tobacco, according to the reports of the Philippine government. The Government representatives sent out to aid the Philippine government in

determining how far the growing of tobacco in the Philippines could be developed made a report to the Philippine government, in which it is claimed that the Philippines can produce wrapper and filler tobacco equal in excellence and quality to the tobacco grown anywhere in the world, including Cuba and Sumatra.

The CHAIRMAN. They never have produced such tobacco?

Mr. BIJUR. They have; but since the high duties went into effect we know very little about the more modern history of Philippine tobacco.

The CHAIRMAN. They never have produced anything equal to the Sumatra wrapper?

Mr. BIJUR. Yes, sir; but not since 1873. That was an extensive crop which was produced and which was brought over here and used in cigar making.

Mr. CURTIS. That would indicate that it was not a success, or they would have continued?

Mr. BIJUR. That was a hardier crop than was grown down in the island of Sumatra, and it was thought it was not worth while to change from one tobacco to another.

Cuba raises enough tobacco to make over 2 billion cigars, and sends us 20 million pounds of leaf annually, which we import in spite of freight rates and a 28 to 148 per cent per pound rate of duty. The Philippines are almost three times as big as Cuba, and have a population six times as great. Tobacco can be grown almost anywhere in the islands. If labor be scarce there is China to be drawn on, for no one can seriously believe that the exclusion act can be effective where thousands of miles of coast invite its evasion. These, then, are our grounds for apprehension—an unlimited field for the growth of tobacco under the most favorable climatic conditions, an unlimited supply of labor for its development and for the manufacture of the tobacco into cigars, and a wage rate that makes American competition impossible unless safeguarded by a protective duty.

The greatest element of cost in the production of tobacco and cigars is labor. Tobacco field hands are paid in this country \$1.50 per day; cigar makers average considerably more. In the Philippines field hands get from 15 cents to 25 cents per day, and cigar makers average just below 40 cents per day, according to the latest available official census figures. A tariff rate which, making due allowances for transportation and other necessary expenses, does not fully equalize the difference in labor cost means either lower wages for our working people or the transfer of the industry to the point of cheaper production. Before going on to other matters we wish to point out that the 40 cents daily wage of the coolie cigar maker, so pitifully small as compared with the American wage of \$1.70—\$1.70 is, nevertheless, not so low compared with the wages paid cigar makers in other countries as to justify any hysterical outburst about ruin and starvation.

The reports of the Sixth Congress of International Cigar Makers give the prices paid for cigar making in Belgium and Holland, where weekly wages rule. These show for Belgium a weekly wage rate of from \$2 to \$3.40, the working day being from ten to ten and one-half hours; and for Holland, from \$2 to \$4.40 per week, the working day being ten hours in city districts, and including night work in country districts. There are 35,000 people employed in cigar making in the



countries mentioned, which would indicate that this wage rate is reasonably satisfactory. Taking into consideration the climatic differences between the Philippines and Belgium and Holland, which involve a much lower scale of necessities for the islands than for the latter two countries, the 25 cents to 75 cents per day wages (averaging 40 cents) of the Philippines can not be said to compare unfavorably with those of the European countries. The same is true of the prices received for Philippine tobacco, as compared with tobacco grown in Germany, concerning which a report has just been made public by the Department of Commerce and Labor.

Thirty-five thousand planters of tobacco in the Rhine Valley received as an average price a fraction over 5 cents per pound dried. This is not very materially lower than the 5-cent average received for the 19 million pounds of Philippine tobacco exported. The need of immediate relief to the Filipinos does not appeal to us very strongly when we see that they are getting the same financial returns received by white people in the prosperous countries of Belgium, Holland, and Germany.

As regards unmanufactured tobacco suitable for cigar purposes, into which category Philippine tobacco falls, it is notable that, in spite of its own enormous production, the United States imports 27 million pounds of cigar leaf annually—practically all from the islands of Sumatra and Cuba. These imports are compelled, not by lack of tobacco, but by public taste; in the case of Sumatra, its light colors and handsome appearance make it popular with the smoking public; and Cuban tobacco, on account of its aromatic qualities, must constitute the main part of a cigar intended for a fastidious smoker anywhere in the world.

Philippine tobacco, in its present state of cultivation, can replace neither of these tobaccos. It can compete here at the 25 per cent rate of duty only with the domestic tobacco. The Government figures on our annual production of tobacco is about 660,000,000 pounds, but in this connection we must point out that by far the greater amount is tobacco suitable for pipe or chewing purposes, as we raise only about 140,000,000 pounds of cigar-leaf tobacco. The two types are about as distinct as apples are from pears, and they can not be used interchangeably. If the problem were, could our 140,000,000-pound production, raised by labor at \$1.50 a day, afford to admit to competition the present Philippine export of 19,000,000, raised by labor at 20 cents a day, with a duty in our favor of  $8\frac{3}{4}$  cents per pound, and say an additional  $1\frac{1}{2}$  cents per pound for transportation, we might regard the problem without apprehension. That, however, is not the problem. The proposed  $8\frac{3}{4}$ -cent duty will either greatly stimulate Philippine production or fail utterly in its purpose.

There is no reason to doubt the Government reports that tobacco raising in the Philippines is capable of indefinite extension. Sumatra, Borneo, and Java, with a similar climate and topography, are among the most important cigar-leaf producers in the world. Sumatra and Borneo are the world's reliance for cigar wrappers, and Java furnishes binders for Europe and a large filler crop that is highly esteemed there. Government reports show that the Philippines are capable of equaling the production of the neighboring islands. So we need not delude ourselves by considering a possible importation from the Philippines of 19,000,000 pounds of rather

inferior tobacco, but must look to a production there of at least 100,000,000 pounds of first-class tobacco that it is proposed to admit here at duties of  $8\frac{1}{2}$  per cent for fillers and  $46\frac{1}{4}$  cents for wrappers, if this last proves collectible.

Mr. CLARK. The sugar men yesterday undertook to demonstrate to the committee that if we passed this bill everybody in the Philippine Islands would go to raising sugar, and now you undertake to demonstrate that everybody would go to raising tobacco. Both of those things can not be true.

Mr. GROSVENOR. And moreover, Mr. Clark, the great product that pays enormous wages for common labor is the production of hemp.

Mr. CLARK. My own conclusion is that the people will all go to raising hemp.

Mr. BIJUR. Then they need no tariff reduction, because they have free hemp.

Mr. CLARK. Is all the land good to raise tobacco on?

Mr. BIJUR. It is impossible that all the land in any country should be suitable for raising tobacco, but there is an immense amount of land there that is suitable for raising tobacco and still leave plenty of land for raising sugar and hemp, and everything else. It is a big territory.

Mr. HILL. You quoted the cost of transportation at  $1\frac{1}{4}$  cents?

Mr. BIJUR. I simply put an absurdly high rate because a great deal has been said about transportation.

Mr. HILL. We had a quotation yesterday for sugar of  $26\frac{1}{2}$  cents per 100 pounds, and I notice a circular quotation which has the transportation of sugar at 15 cents a hundred pounds, and I wondered how you arrived at  $1\frac{1}{4}$  cents.

Mr. BIJUR. If I have erred I have erred on the side of conservatism.

And this in spite of the fact that 28 cents on duty fillers permits us to import 20,000,000 pounds from Cuba, while a \$1.85 rate on wrappers enables us to take nearly 7,000,000 pounds from Sumatra. But, above all, without the necessity of looking into the future at all, what is to prevent the import of Sumatra tobacco into the Philippines paying  $22\frac{1}{2}$  cents a pound duty—

Mr. FRYE. Twenty-two and one-half cents duty in the Philippines on Sumatra tobacco?

Mr. BIJUR. That is the provision in the bill which has just been introduced.

Mr. DALZELL. The new Philippine tariff bill?

Mr. BIJUR. Yes, sir; the one which has just been introduced. The present rate is 45 cents, which is just double.

But above all, without the necessity of looking into the future at all, what is to prevent the import of Sumatra tobacco into the Philippines, paying  $22\frac{1}{2}$  cents per pound duty, its being repacked and re-handled so as to sufficiently disguise its identity, and its subsequent import into the United States as Philippine wrappers at  $46\frac{1}{4}$  cents duty, or a total duty cost of  $68\frac{3}{4}$  cents as against the \$1.85 duty on Sumatra tobacco, to the detriment of the honest importer and the revenues of the Government?

Mr. DALZELL. But this bill does not apply to any such proposition as that. This bill only applies to the production in the Philippines.

Mr. BIJUR. But how is anyone to tell?

Mr. GROSVENOR. Why do they not do it now?

Mr. BIJUR. Because of the 45 cents duty.

Mr. GROSVENOR. They could do it from Porto Rico.

Mr. BIJUR. The duty at Porto Rico is \$1.85, just the same as ours.

The CHAIRMAN. They do not produce any Sumatra leaf in the Philippine Islands now?

Mr. BIJUR. No two countries produce absolutely identical tobacco.

The CHAIRMAN. Nothing that corresponds to the Sumatra leaf. Of course there is no difficulty of enforcing the law against the Sumatra leaf and getting the full duty.

Mr. BIJUR. I beg to differ from you. In any cigar tobacco that has ever been grown there is a proportion of light and handsome colored leaf, suitable for wrappers, present in greater or less degree. It does not matter whether the tobacco is grown in Porto Rico, the Philippines, or Sumatra. What makes the Sumatra tobacco so valuable for wrapper purposes is that there is such a large per cent of wrapper leaf present.

The CHAIRMAN. But there is no difficulty in distinguishing between the two?

Mr. BIJUR. There would be.

The CHAIRMAN. If the Sumatra tobacco runs pretty nearly the whole of it fit for wrappers, and about 1 per cent of the Philippine leaf is fit for wrappers, it seems to me that even a layman might distinguish the difference, not alone a Treasury expert. I understand you to say that there is in all tobacco a certain per cent of leaf similar to the Sumatra leaf?

Mr. BIJUR. It is light in color, and could be used for wrappers.

The CHAIRMAN. Is there any difficulty for an expert like you to tell whether the tobacco has been raised in the Philippines or Sumatra?

Mr. BIJUR. Certainly, there is difficulty.

The CHAIRMAN. You could not tell?

Mr. BIJUR. I might and I might not. I would be glad to have you ask any of the gentlemen here, the manufacturers, the same question.

Mr. GROSVENOR. That is a mere assumption that the law is going to be violated. The importation must have a registry of its entry at the custom-house there, and it has to be disposed of to get it into the islands and transferred to the United States. Is there anything easier than to follow that importation and ascertain the facts?

Mr. BIJUR. I think so.

Mr. GROSVENOR. It does not seem to me so. Why not bring woolen goods, and steel products, and anything else in?

Mr. BIJUR. I do not know anything about the tariff rates.

Mr. GROSVENOR. The Hawaiian Islands are a very large territory, and they are open to the world, but we have never had any difficulty about importations from other countries coming through Hawaii.

Mr. BIJUR. I think one would look at once with suspicion upon imports of steel from the Philippines.

Mr. GROSVENOR. That is an extreme case. We are supposed to trace every product from its origin right through to its destination in the United States. There is no difficulty about it.

Mr. BIJUR. In all the years that Spain owned Cuba they prohibited the entry of any tobacco from any foreign sources except from Porto Rico, in order to prevent the possible substitution of foreign tobacco. When the United States Government took temporary charge of Cuba

they recognized the wisdom of this precaution by insisting on a duty on tobacco coming into Cuba of \$5 a pound, which was absolutely prohibitory, and I think it is a fair inference to say that Congress admitted the danger of foreign tobacco entering Cuba because when the reciprocity treaty was framed they insisted on our reducing our 35 cent rate on Cuban filler 20 per cent, but they did not ask that Cuba reduce her \$5 rate at all. So the United States Government has twice guarded against the possibility of substitution of other leaf for Cuban tobacco.

Mr. HILL. What is the price of Sumatra tobacco, 40 cents?

Mr. BIJUR. From 30 to 45 cents, I should think.

Mr. CLARK. How much is the tariff on Sumatra tobacco into the Philippines now?

Mr. BIJUR. Forty-five cents a pound.

Mr. CLARK. How much is the tariff from the Philippines into the United States?

Mr. BIJUR. Seventy-five per cent of the Dingley rate, \$1.40; it is very nearly equivalent to that.

Mr. CLARK. One dollar and forty-odd cents.

Mr. BIJUR. They would have to import the Sumatra tobacco into the Philippines and repack and rehandle it, and then send it here.

Mr. CLARK. Why don't they import Sumatra through the Philippines now if the rate on tobacco from the islands is only \$1.40?

Mr. CROUNSE. The present duty we pay on Sumatra or any other wrapper tobacco coming from the Philippines is 25 per cent less than \$1.85, or about 46 cents less than that rate; but to get the tobacco into the islands, in order to ship it here, they must pay 45 cents per pound, which would leave only about 1 cent per pound to pay transportation and profits.

Mr. CLARK. You can split a hogshead of tobacco and take a sample in your hands and then an expert man would know the difference?

Mr. BIJUR. Of what tobacco are you speaking now?

Mr. CLARK. Is not that the way the people in the market judge the tobacco—take a handful of tobacco right out of the middle of the hogshead and split it into three pieces and take samples?

Mr. BIJUR. That is different from our condition, and is something about which we know absolutely nothing. The same people do not handle hogshead leaf tobacco, and we do not touch it and do not know anything about it.

Mr. CLARK. I know it is only a difference in quality.

Mr. BIJUR. I am not familiar with the hogshead leaf business and can not answer your question.

Mr. GROSVENOR. When the Dingley bill was pending here, I think the tobacco raisers that you now represent asked for \$2.50 tariff a pound on Sumatra tobacco, and showed us conclusively that the growth of tobacco in this country would cease absolutely unless that duty was maintained. The cigar makers wanted 50 cents a pound on all wrappers and fillers, and they said very strenuously that unless that was adopted the manufacture of cigars in this country would cease absolutely. After a long battle we compromised on \$1.85, which was prohibitive and ruinous to the cigar trade, as they said, and was not satisfactory to the tobacco growers. Now, we have been getting along how well?

Mr. BIJUR. Beautifully.

Mr. GROSVENOR. Now, then, shall we depend absolutely upon the statements of representative men of those two interests again?

Mr. BIJUR. I am very sorry for what statements may have been made to you by the representatives of the cigar makers or the representatives of labor, but I did not make those statements. If I remember, the growers claimed that if the duty was reduced to 50 cents it would be ruinous to their business.

Mr. SCHIFFER. I would like to correct the impression made on that occasion, as I was present at that time. The clear Havana men made a point at that time that they wanted a uniform duty, but the cigar manufacturers had lived under the Wilson bill with the \$1.50 rate of duty and they had also lived under the McKinley bill with \$2 a pound. Now, I have been in the cigar-manufacturing trade for over twenty years, and I do not think our trade ever made the claim that unless we had 50 cent duty we could not exist, but the clear Havana men brought out the point at that time that on account of the many complications of enforcing the wrapper rate of duty they would have preferred a 50 cent uniform rate of duty on tobacco.

Mr. BIJUR. The same general line of reasoning applies to cigars. Philippine wages are one-quarter of ours and their tobacco that is used in the cigars cheaper than any available for our use, and we are to reduce the duty, already 5 per cent less than that placed on Cuban cigars under the reciprocity treaty, an additional 66 $\frac{2}{3}$  per cent. It is claimed the existing duty is prohibitive. It may be, but the claim would be better established if Philippine manufacturers had made an earnest attempt by advertising and distributing their product to find out whether it is or not. Their position seems to be that a market should be afforded them without effort on their part, and that the irresistible cheapness of their product should be the appeal our Government should furnish to the consumer on their behalf.

No American manufacturer would expect to sell cigars by sitting down and waiting for people to order them, and unless Congress goes the whole length suggested by the Curtis bill, the Philippine manufacturer will find that he will have to do a little something for himself if he is to find a market here under any protective rate of duty. Our enormous production of 7,000,000,000 cigars annually is pointed out as the reason for admitting the 150,000,000 cigars of the Philippines at a low rate of duty. The mere disparity in figures is sufficiently great for our statement that if this were the amount involved, we should consider the matter of small importance to carry absolute conviction. The Philippine cigar industry is capable of indefinite expansion, and under the plan for a 25 per cent duty, certain of it at our expense. That their tobacco will prove acceptable to the American public, we judge by the fact that in the years of the occupation of the islands by our soldiers, not a pound of American cigar leaf tobacco has been imported by the Philippines.

Mr. CURTIS. Has not the importation of all kinds of tobacco from the Philippines very greatly diminished in the past two years?

Mr. BIJUR. I understand there was a material decrease and that it has now again increased.

Mr. CURTIS. Not in any very great amount. I have the last report.

Mr. BIJUR. No; no very great amount.

Mr. CURTIS. The importations amount to almost nothing and that, too, after a reduction in the duty of 25 per cent. Is that not evidence

that the American smokers are not satisfied with the Philippine cigars?

Mr. BIJUR. I do not believe that very many American smokers have ever had a chance to get hold of them. They may be on sale at a few clubs, but it is not generally known.

Mr. TAWNEY. Has the free importation of Porto Rican cigars seriously interfered with the American trade?

Mr. BIJUR. That is a very hard question to answer.

Mr. SCHIFFER. No, sir; it has not.

Mr. BIJUR. That is a question I can not answer.

The Philippines have not now, nor will they ever have, need for cigar leaf tobacco from this country. It is clear to us, whether Philippine cigars become popular or not, that nothing but harm can come to our industry by the proposed rate of reduction. If the cigars are liked here, it will mean the transfer of the bulk of our industry to the Philippines; if, as the friends of reduction triumphantly claim, the cigars are wretched and can never willingly be smoked by our public, it will damage us while the matter is being tried out, and, from the false stimulus received by the Philippine cigar industry, will result in the great and certain injury of the cigar manufacturers of the islands. The cigars whose effects we chiefly fear are those that sell at from \$10 to \$15 per thousand. They are well made, and present a good appearance. At the proposed reduced rate of duty, the duty on these would be \$15 on an average. They would have an advantage, additional to the 66 $\frac{2}{3}$  per cent reduction from the present Philippine duties, of \$3 per thousand as compared with our cigars, as the Treasury Department has ruled that cigars coming from the Philippines need not have our revenue stamp attached, although it is affixed in the case of both Cuban and Porto Rico cigars. This is a dangerous precedent, and likely to cause many attempts to defraud the Government, and should receive special and prompt attention by Congress. Furthermore, if the Filipino manufacturers use Sumatra wrappers, on which they are to pay a duty of only 22 $\frac{1}{2}$  cents per pound as against our \$1.85 per pound duty, figuring the usual two pounds per thousand, they will guarantee that the appearance of their wares will satisfy the American smoking public, and have the advantage of over \$3 in their favor on wrappers alone, as against the American manufacturer. There is no way in which this can be guarded against, as it is almost impossible to identify a leaf with absolute certainty when it is wrapped on a cigar.

Mr. HILL. When was the decision that cigars from the Philippines pay no internal-revenue tax on importation rendered?

Mr. CROUNSE. Under date of September 12, 1902, Assistant Secretary Spaulding, of the Treasury Department, promulgated an opinion of the Attorney-General, which was dated September 11, 1902, in which he said in effect that by reason of the Supreme Court decisions in the insular cases goods brought in from the Philippines could not be regarded as having been "imported," and hence the law requiring "imported" cigars to bear an internal-revenue stamp did not apply; and also that because the Philippine Islands had never been constituted into an internal-revenue district of the United States there was no requirement that the manufacturers should place internal-revenue stamps on the cigars before withdrawing them for consumption from their bonded factories. Taking these two proposi-

tions together, the Attorney-General therefore held that internal-revenue stamps were not required upon the Philippine cigars. Thus, Philippine cigars escape a tax of \$3 a thousand levied on cigars imported from foreign countries as well as domestic cigars. The Attorney-General said:

I am therefore of the opinion that since said act went into effect, the provisions of said section 3448 have been inoperative in the Philippines. The provisions of section 3394 undoubtedly apply only to cigars manufactured within the bounds of our internal-revenue laws—I. e., within the territory where these laws are operative. If this view is not correct, there was apparently no necessity for the passage of section 3402, which says that "all cigars imported from foreign countries shall pay an internal-revenue tax."

In the Porto Rican or Foraker act of April 12, 1900, Porto Rico was excepted from the operations of our internal-revenue laws, but under section 3 of said act a tax was imposed upon "articles of merchandise of Porto Rican manufacture coming into the United States and withdrawn for consumption or sale, \* \* \* equal to the internal-revenue tax imposed in the United States upon the like articles of merchandise of domestic manufacture." No such provision was made in the Philippine act with reference to the collection of an internal-revenue tax on articles coming into the United States from the Philippines.

I am, therefore, of the opinion that no internal-revenue tax can be legally imposed under the laws of the United States on cigars shipped from the Philippine Islands.

The CHAIRMAN. You may proceed.

Mr. BIJUR. The absence of the \$3 internal-revenue tax and difference of \$3 in duty paid on wrappers would give the Philippine manufacturer a \$6 per thousand Government preference on the most important type of cigar used in this country. This \$6 gratuity is an addition to that suggested by the Curtis bill.

A great deal has been made, with apparent seriousness, of the part transportation charges are to play in giving protection against Philippine cigars and tobacco. How absurd any such consideration is when directed toward tobacco can be seen from the fact that we imported more than 6,500,000 pounds of Sumatra tobacco, which were transported from the island to Holland, unloaded and put in stores, and then again loaded on steamers and brought here. In addition we paid \$1.85 per pound duty on them.

This should dispose pretty well of the transportation argument as it affects the unmanufactured leaf. The reduction in duty proposed would be from  $17\frac{1}{2}$  to  $92\frac{1}{2}$  cents per pound, and the transportation charges urged as an offset amount to perhaps a cent per pound. In regard to cigars, the cigar trade of the Pacific coast is supplied mainly from New York, Pennsylvania, and Florida. Cigars manufactured in these States cost \$1 per thousand in freight charges to deliver to the coast, which would place our cigars delivered in San Francisco at a disadvantage as to transportation with cigars delivered there from Manila, whence the freight would probably be inside of 50 cents per thousand.

As it is the declared policy of our Government to put every business interest of the community on an adequately protected basis, we feel justified in assuming that the measure of protection accorded the tobacco interests is ours by right, and as long as the policy of universal protection obtains our rate of protection should not be lowered in favor of anyone else whatever against our welfare. Granting that we are a prosperous trade, in what way, if the proposed tariff reduction is dictated by consideration of philanthropy rather than

patriotism, do we differ from the well-to-do individual who feels called upon to give to charity, but in whose case the general public would hardly presume to set the amount he must give? And yet there seems to be a very general disposition to deny us the say as to how much reduction our industry can afford to give.

Mr. WILLIAMS. You regard the import duty as a matter that should be determined by you, and not by the people?

Mr. BIJUR. No, sir; absolutely not.

Mr. WILLIAMS. But you complain that you are not consulted as to the amount you should give?

Mr. BIJUR. I am complaining that no attempt, so far as we know, has ever been made to find out in what way such reduction would injure us—whether we would not willingly see a reduction of some small amount without an arbitrary rate being fixed that we must yield to. That is what I am trying to state. We have to buy protected shoes and everything else, and we ought to have the right to sell protected cigars and tobacco, or we are at a disadvantage.

Mr. WILLIAMS. Based on the idea that the Government unjustly takes something from you in the performance of its duties and ought to restore it to you by making the consumer pay you back that much. Is that it?

Mr. BIJUR. No, sir. Most of us believe that the protective tariff is a very good thing for the rest of the people of the country, and we are very glad that the Government protects other industries, provided it protects us also.

If the Philippines were American territory definitely, with their inhabitants enjoying American citizenship, patriotism would require our acquiescence in a condition of free trade between the islands and ourselves, and the consequent transfer of our industry to them regretfully, but without protest. But it was only yesterday that those most loudly clamoring for tariff favors for the islands were in favor of letting them go altogether, and even President Roosevelt's annual message holds out the definite hope for them of at some near day occupying toward us the same position occupied by Cuba, a country bound to us only by the clauses of the Platt amendment, the lightest links ever forged in a chain binding one country to another.

Under these circumstances it is merely the call of philanthropy we must heed, and it must be for us to have some say as to the measure in which we can respond. It is an indefensible scheme to put tobacco in practically the same category as hemp or copra, tropical products which have always been granted free admission under our protective system, because they compete with no domestic product. We grow enough tobacco ourselves, and our cigars are within the reach of the poorest of our citizens. We can not consent to a tariff rate that will cut our industry from under us, and we should not be asked to do so. The tobacco trade pays the Government \$44,500,000 in internal-revenue taxes, and \$20,000,000 additional in customs taxes, a total of \$64,000,000, and feels that it is already doing its fair share in the support of the Government and its policies.

Mr. WILLIAMS. You say that the tobacco industry pays \$44,000,000 in internal-revenue taxes and \$20,000,000 additional in customs taxes? You add the two together and say you pay that amount?

Mr. BIJUR. We pay it.



Mr. WILLIAMS. If you pay it are you going to regard it as a charge upon your industry and at the same time a benefit to your industry? As a benefit to your industry you should subtract the amount from the total which you claim you pay.

Mr. CROUNSE. Mr. Bijur has not included in his figures any of the customs duties paid on cigars.

Mr. WILLIAMS. He just read \$44,000,000 and then \$22,000,000 and added the two together.

Mr. CROUNSE. But the import duties he quotes represent the tax on the raw leaf solely, while the duty on cigars—the manufactured product—which he does not include in his figures, represents our protection.

Mr. WILLIAMS. That duty on raw leaf is supposed to be a benefit to somebody?

Mr. BIJUR. To the Government first and to the grower secondly.

Mr. WILLIAMS. You do not think it is fair to charge up his benefit as a part of your burden?

Mr. BIJUR. As a part of our burden; yes, sir.

Mr. WILLIAMS. I just wanted to see the ramifications of it.

The appendixes submitted by Mr. Bijur follows:

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#### APPENDIX A.

The following is an extract from Farmers' Bulletin No. 5 upon the "Cultivation of Tobacco," by Clarence W. Dorsey, in charge of soil investigations in the Philippines, published by the bureau of agriculture of the Philippine Islands:

"In the districts where tobacco cultivation has been carried on for years, no one should be contented with the results obtained, but should by constant experimentation with new seed and improved cultivation endeavor to improve the quality of the crop. Here in the Philippines it is commonly stated that the tobacco grown to-day is inferior to that formerly grown. This is greatly to be regretted, and it should be the especial effort of every planter to produce tobacco not equal to that grown a few years ago but far superior to the finest crops that were ever harvested. The tobacco markets of the world willingly pay, and pay well, too, for tobacco of a superior quality, whether it is to be used for cigars, cigarettes, or manufacturing purposes. The trade does not pay well for common tobacco, for anyone can grow coarse, common tobacco of low grade. The quality of the tobacco must be superior to that formerly grown to command a good price, for tobacco consumers are becoming more fastidious and constantly demand better goods for their money.

"The author is of the opinion that the Philippine Islands can and should produce cigar-filler tobacco that is fully equal to the finest product of the famous Vuelta Abajo district of Cuba, and a cigar wrapper equal to Sumatra tobacco. With careful attention to soil and climatic conditions, it is believed districts can be found that will raise tobacco similar in flavor and aroma to that grown in the best districts of Turkey. These results can only be obtained, however, by persistent, intelligent, well-directed efforts on the part of the planters.

"Philippine tobacco to-day does not occupy the position it should, and every planter or company engaged in its cultivation should strive to place it on the high standard it deserves."

#### APPENDIX B.

Below is presented a table taken from Bulletin 32 of the United States Bureau of Labor, showing wages paid in the cigar industry at Manila, according to the latest available census figures:

*Cigar and cigarette factory (31 establishments).*

Masters .....	1	White	M.	8	\$2.50 day.	Cigar rollers	298	Native	M.	8	\$0.75 day.
	4	Native	M.	8	2.00 day.		52	Native	M.	8	.62½ da.
	8	Native	M.	8	1.50 day.		1,220	Native	M.	8	.50 day.
	4	Native	M.	8	1.00 day.		85	Native	F.	8	.50 day.
	2	White	M.	8	150.00 mo.		202	Native	M.	8	.37½ da.
	2	White	M.	8	100.00 mo.		3,873	Native	F.	8	.37½ da.
	3	White	M.	8	75.00 mo.		724	Native	F.	8	.25 day.
	1	White	M.	8	50.00 mo.		20	Native	M.	8	15.00 mo.
	3	Native	M.	8	50.00 mo.		48	Native	M.	8	11.00 mo.
	2	Native	M.	8	40.00 mo.		8	Native	F.	8	9.00 mo.
Apprentices	1	Native	M.	8	25.00 mo.	Engineers .....	18	Native	M.	8	7.50 mo.
	18	Native	F.	8	12½ da.		12	Native	F.	8	7.50 mo.
	370	Native	F.	8	10 day.		1	Native	M.	8	1.50 da.
Box fillers ..	2	Native	F.	8	2.50 mo.	Foremen .....	1	Native	M.	8	30.00 mo.
	86	Native	M.	8	.37½ da.		1	Native	M.	8	1.50 da.
	280	Native	M.	8	.25 day.		4	White	M.	8	75.00 mo.
Box finishers	8	Native	M.	8	11.00 mo.	Sorters .....	6	White	M.	8	50.00 mo.
	8	Native	M.	8	7.50 mo.		1	White	M.	8	40.00 mo.
	36	Native	M.	8	.37½ da.		346	Native	M.	8	.37½ da.
	80	Native	M.	8	.25 day.		12	Native	M.	8	11.00 mo.
	238	Native	F.	8	.25 day.	Workmen ..	226	Native	M.	8	.50 da.
Cigarette makers.	8	Native	M.	8	11.00 mo.		142	Native	M.	8	.37½ da.
	6	Native	M.	8	7.50 mo.		647	Native	M.	8	.25 da.
	80	Native	M.	8	.37½ da.		334	Chinese	M.	8	.25 da.
Cigarette packers.	1,826	Native	F.	8	.25 day.		116	Chinese	M.	8	.20 da.
	88	Native	F.	8	7.50 mo.		8	Native	M.	8	.15 da.
	505	Native	F.	8	.25 day.		2	Native	M.	8	15.00 mo.
	17	Native	F.	8	7.50 mo.		46	Native	M.	8	7.50 mo.

## CIGAR-BOX FACTORY (2 ESTABLISHMENTS).

Masters .....	1	White	M.	8	\$50.00 mo.	Workmen ..	22	Chinese	M.	8	\$0.37½ da.
	1	White	M.	8	45.00 mo.		21	Native	M.	8	.25 day.
Workmen ..	60	Native	M.	8	.50 day.		44	Chinese	M.	8	.25 day.
	82	Native	M.	8	.37½ da.						

## APPENDIX C.

Below are presented tables taken from Bulletin 53 of the Bureau of Labor, showing the rates of wages per hour paid to cigar makers and cigar rollers in the United States in 1903:

## CIGAR MAKERS, MALE.

[Data from 9 establishments.]

	Number of employees.	Hours per week.	Average wages per hour.
Average 1890-99	432	53.99	\$0.2630
1890	361	52.88	.2703
1891	439	52.05	.2846
1892	457	53.59	.2786
1893	628	54.42	.2961
1894	521	53.70	.2644
1895	478	53.42	.2606
1896	390	55.47	.2471
1897	301	53.30	.2545
1898	305	54.75	.2431
1899	443	56.33	.2610
1900	590	56.75	.2622
1901	753	57.42	.2764
1902	543	56.58	.2784
1903	550	56.88	.2839

## CIGAR ROLLERS, HAND, MALE.

[Data for employees from 4 establishments for entire period. Data for hours and wages from 7 establishments, 1890-1895; 5 establishments, 1896, 1897; 4 establishments, 1898-1903.]

	Number of em- ployees.	Hours per week.	Average wages per hour.
Average 1890-1899	199	53.61	\$0.1957
1890	185	53.15	.1980
1891	189	53.04	.1925
1892	177	52.17	.1897
1893	188	52.97	.2002
1894	192	53.45	.1942
1895	197	53.21	.1958
1896	190	53.97	.1969
1897	222	54.70	.1936
1898	221	54.56	.1967
1899	253	54.83	.2001
1900	143	51.69	.2014
1901	173	53.06	.2220
1902	181	53.30	.2236
1903	182	53.52	.2217

NOTE.—It will be observed that in 1903 the average wages of cigar makers per hour were 23.39 cents, or \$2.27 for an 8-hour day.

## APPENDIX D.

The following table shows the imports into the United States of leaf tobacco from Cuba for the three calendar years of 1902, 1903, and 1904:

Year.	Pounds.	Value.
1902	22,288,580	\$9,736,526
1903	21,565,215	10,157,975
1904	19,110,611	9,387,842

The following table shows the imports of cigars for the three years 1902, 1903, and 1904:

Year.	Quantity.	Value.
	<i>Pounds.</i>	
1902	479,096	\$2,616,531
1903	594,353	3,066,826
1904	819,346	3,867,058

NOTE.—The above figures for cigars represent the total imports of cigars and include a few from other countries than Cuba, but such other importations are too small to be significant for purposes of comparison.

From the above figures it appears there has been an increase in the quantity of cigars imported amounting to more than 75 per cent, comparing the years 1904 and 1902, and during the same period the imports of leaf have fallen off about 15 per cent.

## APPENDIX E.

The following memorandum prepared by Chief Statistician Hyde of the Department of Agriculture, shows the value of the cigar leaf tobacco crop in the United States in 1904, as compared with the total production of tobacco:

New Hampshire	\$28,738
Vermont	43,978
Massachusetts	1,396,927
Connecticut	4,838,191
New York	628,834
Pennsylvania	1,658,521
Georgia	250,125
Florida	1,138,319
Ohio	3,092,285
Wisconsin	4,092,936
Total cigar	17,168,854

"The total value of the cigar leaf crop of the United States for 1904, as shown above, represents approximately 32.2 per cent of the total value of the 1904 tobacco crop of the United States, which was estimated by this Department at \$53,382,959."

The total quantity of cigar leaf produced in 1904 was approximately 140,000,000 pounds in the aggregate crop of about 660,000,000 pounds.

### STATEMENT OF MR. B. E. HERR,

*President of the Lancaster County, Pa., Tobacco Growers' Association.*

Mr. HERR. Mr. Chairman and gentlemen of the Ways and Means Committee, I, as president of the Lancaster County Tobacco Growers' Association, of Pennsylvania, heartily indorse everything that has been said by the leaf-tobacco association and would offer this resolution in addition:

Resolved that the tobacco growers of Lancaster County, Pa., and its surroundings enter their solemn protest against the reduction of the duty on tobacco grown in the Philippine Islands, and in support of these resolutions we offer the following reasons:

I must say before offering those reasons that Pennsylvania and Ohio are the great filler-tobacco raising States and we look upon this reduction of the tax on Philippine tobacco as injuring us more than the tobacco interests of Wisconsin and Connecticut, because the Philippine tobacco, as I understand, is not as suitable for wrappers as it is for fillers. Therefore, we, as growers present this resolution, and in support of it we offer the following reasons:

We have given our money and the lives and health of our sons in driving their masters and tyrants from the islands. We have built schools, and sent our sons and daughters there to teach them the principles of justice and equal rights, and the modus operandi of what a free government should consist of. We are opening up highways and railroads, so that these products can be brought cheaply to market. We have put down insurrection of every form, so that they can live in comfort and safety. We have made them capable of filling all the minor offices, and policing the islands. In short, we have established them in everything which they are capable of carrying out. Is not this enough? If you grant this reduction will they, as a people, be any better off? Bear in mind the fact that they export but little tobacco to the United States now, but make this reduction and how soon can it be increased; also bear in mind the wages paid these coolie laborers. Can we as farmers enter into competition with them?

They have thousands and thousands of acres that are suitable for tobacco raising, with no end to its productiveness. You reduce this tax; syndicates will at once be formed to take advantage of this and the cheap labor combined. Then what will become of our own established industry. The answer to me looks plain. It will be destroyed. If it did not cripple our own industry we would not be here to oppose it; but it does interfere, and very seriously. Lancaster County has had, and has now, an established industry in which thousands of her sons are engaged. I stand here as one of those sons in defense of her rights and privileges. Our county is known all over the Union as the banner agricultural county of the Union, and one of her greatest industries is the raising of tobacco. We raise a goodly crop of some 55,000 cases, or 22,000,000 pounds, and we live by it. You ask us now

to grant this Philippine tobacco to come here under a reduced tax, being raised by the cheap coolie labor of the Tropics in competition with us, and we emphatically say *no*.

As I said on a former occasion, Are these the principles of protection that we have been supporting when we gave 20,000 majority for our honored President at the last election? We for years have voted to protect the ironmaster and the woolgrower, of which we produce none, because we considered it right. When on a former occasion we asked permission to keep Sumatra tobacco out of the country with a high tariff, you gave us a medium one, and we had to be satisfied. But you now ask us to support you in letting this new competitor send in his products, with a reduced tariff, and we meet you at the threshold and enter our solemn protest against it. The business men of the country have been assured that the tariff will not be tampered with at this short session. Yet this, that touches thousands of farmers, is to be taken up at once. Is that justice to us?

The capital we have expended and devoted to our business is as dear to us as to the iron or the wool producer. So why should we be singled out to be made an example of? The advantage the Philippine people have from cheap labor and the protection from raids and insurrections, besides the opening of highways and railroads, will be all the assistance they need to urge them on to be successful producers. The protective principles that overrun everything pertaining to free trade at the last election is paramount all over the tobacco-growing States, and tens of thousands of growers, scattered all over this great Union, have not given up hope, but turn their eyes to this Congress and shall ask, as we now ask, for home protection first, last, and all the time.

The CHAIRMAN. Is not the raising of leaf tobacco in Pennsylvania doing fairly well now?

Mr. HERR. Yes, sir.

The CHAIRMAN. What is the average market price for the leaf tobacco?

Mr. HERR. Let me answer that by saying this—

The CHAIRMAN. No; please answer that question.

Mr. HERR. It depends on the variety of tobacco that is raised—from 8 to 20 cents a pound.

The CHAIRMAN. According to the Reporter of December, 1904, the average was between 8 and 9 cents a pound?

Mr. HERR. It depends on the variety of the tobacco.

The CHAIRMAN. That was only the average price of filler tobacco.

Now, according to the report of the Daily Bulletin at Manila, December, 1904, the price of Philippine leaf tobacco went all the way from \$9.50 to \$42 per quintal, a quintal being 101 pounds.

It runs from 9 cents to 42 cents per pound. If that is correct, do you think you could get along very well with a duty of 46 cents on tobacco coming from the Philippine Islands and still maintain your industry?

Mr. CROUNSE. But, Mr. Chairman, the figures you are reading are silver and should be cut in two.

Mr. HERR. Let me answer that by saying that when the duty was applied to Sumatra tobacco a little while ago we grew nothing but wrapper tobacco. Then we changed to filler tobacco and we changed our tactics and we have been falling ever since. Now we are right at

the bottom. We can grow nothing beyond filler tobacco. We raise 20,000,000 pounds and we have sold it as low as 6 cents a pound.

The CHAIRMAN. I would like to have you answer the question as to whether you can not get along with a duty of 46 cents on Philippine tobacco?

Mr. HERR. Not judging the present by the past. The Philippine Islands raise hemp. We have no tariff on hemp, and we need thousands of tons of it. Remove all the tax on hemp and give us cheaper binder twine and we will be all right.

The CHAIRMAN. There is no duty on hemp coming from the Philippine Islands.

Mr. HERR. I know; then let them raise hemp.

The CHAIRMAN. They are raising a great deal of hemp now.

Mr. HERR. We want more to compete with the trust.

Mr. GROSVENOR. That hemp is not made into binder twine.

### STATEMENT OF MR. G. W. PERKINS,

*President Cigar Makers' International Union of America, Chicago, Ill.*

Mr. PERKINS. Mr. Chairman and gentlemen of the committee:

In behalf of the Cigar Makers' International Union of America we desire to say that we represent, in this hearing, and speak only for the organized workers of our craft.

While we are happily in accord with all the other manufacturing tobacco interests, we are not working in a cohesive unit in our protest against the reduction of the tariff rates between the mainland and the Philippine Islands on cigars.

We are not manufacturers—simply the hired man, with no ax to grind; the organized workers simply seeking to protect the best interests of our only means of making a livelihood.

A retrospect of the cigar industry, briefly stated, will help our contention, and has a direct bearing upon the question at issue.

The first cigars consumed in this country were imported; they were not, however, separately tabulated until 1804, in which year we imported 4,001,000 cigars.

The first cigars made in this country was in Connecticut, by the wife of a farmer.

The first factory was established at East Windsor, Conn.

The Government census says: "By 1856, 600 persons were employed in making cigars at various points from Springfield, Mass., to Middletown, Conn. In 1860 the Connecticut Valley had 45 factories, with a capital approximating \$400,000; 731 wage earners, \$274,911 for wages; \$381,000 for cost of material, and \$1,000,000 for value of product."

In the early days Germany supplied the major portion of the cigars consumed in this country—they could be had here for from \$3 to \$8 per 1,000. Cigars makers in this country received from \$2 to \$5 per 1,000 for making fine hand-made cigars. A union cigar maker now receives from \$7 to \$20, generally, and up, per 1,000.

Prior to the adoption of the protective tariff for our trade this country produced very few cigars. In 1863 we produced, all told, 199,288,284, while in the fiscal year ended June 30, 1904, we produced 7,404,316,770 cigars alone, say nothing of the cigarettes, which amounted to 3,235,103,868.

In 1863 the total output for all kinds in the entire country was only 199,288,770, while we now turn out about 150,000,000 cigars, weighing more than 3 pounds per 1,000, in one week.

The increase in the output for cigars since 1863 is about 7,205,000,000 per year, or 3,700 per cent, while the population only increased about 100 per cent.

With the limited time at my disposal I could find no statistics showing the value of the product for the year of 1863, but the Government census report for 1900 gives the value of the total output as \$160,223,152. This, however, shows an increase of \$159,223,152 over the value of the output of the Connecticut Valley in 1860, which at that time was the chief producing center for cigars in the United States.

For the fiscal year ended June 30, 1904, we paid a revenue to the Government on cigars alone of \$20,498,711.84, while every cent of the tariff now raised on the cigars imported to this country from the Philippine Islands is turned into the treasury of the islands for the purpose of supporting its government.

The number of people employed in the cigar industry, at cigar making, in 1863, I estimate, was less than 2,000, while Government statistics say that there are now employed in the trade—cigar trade—in this country about 125,000 people, fully 80,000 of whom are skilled workmen.

A bulletin of the Department of Labor shows that there are employed, all told, in the cigar industry of the Philippine Islands about 20,000 people at an average of \$10.21 per month. The rate of wages for cigar makers, as near as I can learn, is 37½ cents per day, while the Government census of 1900 shows that the average wage of the workers in this country was about \$400 per year, or about \$1.36 per day.

The total value of the output for cigars and cigarettes, as stated in the foregoing, was \$160,223,152; the capital invested was \$67,706,439 in lands, buildings, machinery, tools, implements, cash, and sundries; the salary paid officials, clerks, etc., was \$8,951,534; salary paid to wage earners was \$49,852,484; miscellaneous expenses, \$79,495,422; cost of materials used, \$107,182,656.

The foregoing, compared with the figures of 1860 for the Connecticut Valley—the then home for the cigar industry—we find the following astounding but gratifying results: Increase in the capital invested, \$67,306,439; increase in the amount paid to wage-earners \$49,577,573; increase in the cost of material used, \$106,801,656.

We do not want to go back to the old conditions, and respectfully assert that you can not afford to do so and serve the best interest of our common country and its worthy citizens, commercially and industrially.

In order to suit the taste of a great many smokers we are compelled to import tobacco which can only be grown in Cuba, upon which our manufacturers have to pay a tariff of \$1.85 per pound for wrappers and 35 cents per pound for fillers, less 20 per cent.

The Philippine Islands are favorably adapted to the growth of tobacco which, with a little care, will successfully compete with that grown in any other country—an advantage we do not possess.

A good cigar can be bought in Manila for 1 cent a piece, or from \$5 to \$10 per thousand.

The home-produced cigar sells for 5, 10, and 15 cents apiece, or from \$20 to \$60 per thousand, generally, and from that up for especially fine cigars.

Under the proposed reduction a cheaper grade of cigars could be laid down at San Francisco for \$17.62 per thousand, and the higher grades from \$4 to \$6 above this price.

The Filipinos, like the Japanese, are very apt learners, and deft at hand work, and as they prefer factory to the field work, in a very short time double the number now employed in the trade could be pressed into the business of cigar making.

Give this oriental cheap labor a market in this country, and the results will be ruinous to the great industry we represent.

The cigar industry, I believe, ranks twelfth in commercial and industrial importance in this country of great industries.

We question the economic, political, or moral wisdom of striking a crushing blow at this important industry through the proposed bill. We respectfully say we can not compete with the islands, and aim to show that our contention is correct.

We can not understand by what right the Congress can justify legislation that will surely result in lowering the standard of living of such a large army of loyal American citizens.

High wages and short hours make better conditions for all concerned. We assert that in countries where wages are high and the hours of labor shortest, art, science, education, literature, general conditions, and civilization have reached the highest ebb, and just as confidently assert that in countries where wages are least and hours of labor longest these conditions are just the reverse. We need simply to call attention to China and kindred countries and the conditions prevailing there and here for a verification of this statement.

Let us not lose sight of the simple, comprehensive, economic fact that if the workingman has \$4 per day to spend, in nine cases out of ten he will place the full amount so received into the legitimate channels of trade and commerce, while, on the other hand, if this same mechanic's pay is reduced to \$3 or \$2 per day he can only spend \$2 a day for the purpose of consuming and for the purpose of assisting merchants and manufacturers and in keeping the legitimate wheels of trade, commerce, and manufacturing industries in motion.

As an economic truism, we assert that the more the masses receive in wages the more they are enabled to consume, and that it is the consuming capacity of the masses that makes countries great and life worth living.

We assert that the organized working classes of this country are better off than they are in any other part of the world, and that the middle classes, merchants, employers, and capitalists enjoy greater prosperity and greater wealth than in any other part of the globe.

As part proof of this let me say this country, despite fair wages and reasonable hours enjoyed by the organized workers, has steadily advanced in the value of its exports until in 1903 it has surpassed all others, and is now, in the value of its exports, the leading nation of the world.

The value of our exports for 1903 was \$1,457,565,783, an increase of \$960,302,046 since 1875.

The Filipino is indeed the child of nature, who, owing to climate and the bounties of nature, can live without work. Expensive cloth-



ing is a burden; no expensive rent is paid. With self-satisfying food growing in abundance he was never better off in his life than now. He would probably be happy if we let him alone.

We, on the other hand, must buy fuel, pay high rents, buy expensive clothing and food, with the cost of sustaining life always equal to our income.

We protest against being pitted against oriental labor in our struggle for existence. We hold that no amount of legislation upon the part of the Congress of the United States can or ever will lift this people up to our standard, and that the act proposed and against which we respectfully protest, will have a tendency to and will drag us down to nearer their level.

I have in my possession a letter written by an exporter and importer trading between the islands and the United States, located at Manila, under date of December 30, 1904, in which he says: "Some of the large factories are unable to get all the cigar makers they could employ now, and on this account are unusually behind with their orders."

He also says: "The possibilities in the way of starting new plantations are limited, owing to the comparative scarcity of labor."

The CHAIRMAN. That is in the Philippines?

Mr. PERKINS. Yes, sir. If the statement in this letter is wrong, let me say that in view of the fact that many are out of work and suffering for the bare necessities of life in our trade in this country, we ask why this sentimental effort on the part of some to do something for the poor Filipino?

I understand that all of the cigar factories of Manila, 31 in number, are owned by foreign capital, except one, and in that exception Filipinos own only one-half the stock.

In view of all the facts we can not help, at least, believing that the so-called favorable legislation for the islands—but which we have shown will so seriously affect, if not ruin, our trade—is sought by those who do not fully realize the situation, or, if they do, would exploit the islanders, further degrade and enslave them, and, unfortunately, too, at the frightful expense of home labor and one of our greatest industries.

For the reasons advanced, we hold that no moral, economic, industrial, or well-grounded commercial reasons exist upon which to justify any reduction of the import duty on cigars from the Philippine Islands, with its oriental customs, habits, and low wages.

We have presented the plain facts. We look to you for fair treatment, and confidently rely upon your sense of honor and justice to get it.

An act that will tend to build up the cigar industry of the Philippine Islands at the expense of a like industry and the citizens employed therein in our own country proper, is neither wise nor just legislation. Knowing that we are positively right in this matter, we, in self-defense, vigorously yet respectfully protest against its enactment.

Respectfully submitted in behalf of the 47,000 organized cigar-makers in particular and the entire craft in general.

The CHAIRMAN. You speak of a cigar selling for 1 cent; what size cigar is that?

Mr. PERKINS. The ordinary size, the average nickel size cigar sold in this country.

The CHAIRMAN. How do they compare with the stogie?

Mr. PERKINS. We do not consider the stogie a cigar; we do not speak of it.

The CHAIRMAN. It is a great deal better smoke than the Philippine cigars.

Mr. PERKINS. I think if you could get the price of ordinary stogies in that country it would be so small you could not quote it.

The CHAIRMAN. Would not the poor American citizen rather have a stogie than one of those 1-cent cigars?

Mr. PERKINS. Let me say earnestly that I have smoked the Philippine cigars, and I feel that the American people would learn to like them and would smoke them in preference to the American-produced article.

Mr. GROSVENOR. You have submitted some very exhaustive figures on the subject of cigars and the amount of money paid for raw material and the amount of money paid for wages, and apparently all the various elements that go to make up the cost of cigars. Do you know anything about the profits on cigar manufacturing in the United States?

Mr. PERKINS. I am not a cigar manufacturer and never was, and know nothing concerning it. There are some manufacturers here, and I should prefer to have them answer that question.

Mr. GROSVENOR. But you have given in your figures the cost of the raw material. That does not come under your jurisdiction as a cigar-maker.

Mr. PERKINS. Those figures were taken from the United States Census reports.

Mr. GROSVENOR. Do you not think the manufacturers of cigars in the United States could save labor without impairing very much the profit on the business by raising your wages to correspond to the reduction that might otherwise be inevitable in case there is competition from the Philippine Islands?

Mr. PERKINS. Let me say that if the past is any indication of what will happen in the future, then the same conditions will occur if you give the cheap labor of the oriental countries a market here.

Mr. GROSVENOR. Is it your idea that the manufacturer would at once take the amount of the reduction out of your wages?

Mr. PERKINS. I do not say that the manufacturers would take it out of the wages. I do say that he would propose to do so.

Mr. GROSVENOR. But you do not think that it would be necessary for him to do so and still retain a very large profit in the business?

Mr. PERKINS. My idea is this, that the Filipino would prefer the occupation of making cigars in preference to anything else. It being rather of a light nature and owing to his general adaptability he would naturally crowd into that trade.

Mr. GROSVENOR. Do you not think that it could be remedied by cutting the wages on one hand and raising the prices of cigars on the other?

Mr. PERKINS. I am not in favor of reducing wages because I think it would be injurious to the entire country in its commercial and industrial condition.

Mr. WILLIAMS. Do you think that the cigar manufacturers are now paying a fair share of what they get to the labor they employ?

Mr. PERKINS. No, I do not think so.

Mr. JENKINS. Let me say that our workingmen got twice what we got in profits at the end of the year.

Mr. TAWNEY. To what extent are we importing cigars from the Philippine Islands?

Mr. PERKINS. I do not know.

Mr. HILL. \$46,000 in two years.

Mr. TAWNEY. During the last two years the cigars imported from the Philippines did not pay any internal-revenue tax. That was a discrimination in favor of the Philippine cigars far greater than the proposed reduction of duty on the imported article?

Mr. PERKINS. Yes, sir; it is a matter of \$3 a thousand.

Mr. TAWNEY. The internal-revenue tax is \$3 a thousand?

Mr. PERKINS. Yes, sir.

Mr. TAWNEY. And they paid none of that tax?

Mr. PERKINS. My understanding is they did not.

Mr. TAWNEY. It is a fact, they did not. Under the existing law no internal-revenue tax can be collected.

Mr. HILL. I would like to ask you whether there is any reason why the importations have not increased, any special reasons because of their being exempt from paying the internal-revenue tax? I did not know but what there were some conditions that you did not know of—scarcity of labor or something of that kind?

Mr. PERKINS. I do not say there is; I simply quoted from the letter. There is plenty of all kinds of labor.

Mr. WILLIAMS. Have you any knowledge, by statistics or otherwise, of the comparative efficiency of the laborers here and in the Philippines, as to how many cigars they can make a day, and how many an hour?

Mr. PERKINS. I have not been able to obtain any statistics on that point.

Mr. WILLIAMS. If you can secure that information, please file it with the committee.

Mr. PERKINS. Yes, sir.

Thereupon, at 12 o'clock m. the committee took a recess until 2 o'clock p. m.

#### AFTER RECESS.

The committee met at 2 o'clock p. m., pursuant to adjournment.

The CHAIRMAN. I understand from Mr. Bijur that he has no other gentleman present who desires to be heard. Is there anyone else who would like to be heard on the tobacco schedule? Mr. Driscoll is here, but if there is any gentleman from outside of the city who would like to be heard we would prefer to hear him first, because Mr. Driscoll is in Washington all the time.

#### STATEMENT OF HON. M. E. DRISCOLL,

*Representative from the State of New York.*

Mr. DRISCOLL. Mr. Chairman and gentlemen of the committee: After listening to the arguments this forenoon by the specialists, which were full of instruction and information, and quite interesting,

I feel embarrassed to say anything on this subject. Of course, I am not a specialist. I have no special information on any line of this great industry, but I do represent here in the House of Representatives the counties of Onondaga and Madison, the Twenty-ninth district of New York. Onondaga County is very much interested in tobacco and the manufacture of cigars and the sale of cigars. Onondaga County is the center of what is known as the Onondaga tobacco district of New York. It extends out into Oswego County and up into Cayuga County, the chairman's own county. The village of Baldwinsville, in the northern part of our county, is the business center of the tobacco interests of that part of the State. It is the headquarters of the Tobacco Growers' Association of the State of New York, the president and secretary being there.

Now, in Syracuse and Oneida, two cities in my district, are many manufactories of cigars, and it is a jobbing center. There are also many cigar makers, all organized into unions. I have received letters from many of the tobacco growers in the district and from, I think, all of the manufacturers of cigars in the district, and the labor unions in both cities in the district, urging me to come before your committee and before the House, if necessary, and protest against this bill reducing the present Dingley rate to 25 per cent. I do not know what effect this bill will have, because I am not specially familiar with the trade or with its various ramifications and what may influence it, but the tobacco growers claim that it will materially injure their business. For the last two or three years the crop has been rather poor and the price low and they have been having a hard time.

Two years ago the Bureau of Soils of the Department of Agriculture, at my suggestion, sent up there a surveying party and they made a soil survey of the northern half of our county, extending a short distance into Oswego County, and also into Cayuga County. I received 2,000 copies of that report and survey, and distributed them throughout the tobacco district in my county. The people are now interested in getting the Department of Agriculture to send out again and experiment in the way of growing tobacco on their own hook, as they have done in Ohio, Pennsylvania, and other States.

The manufacturers of cigars claim that this bill will damage their business very much, and I have received strong resolutions and letters from the cigar-makers unions in those cities protesting against this bill, and I am here representing them.

Now, only two or three days ago I received a copy of resolutions adopted by the Tobacco Growers' Association of the State of New York saying that they would submit to a reduction of 25 per cent of the present duty; that would be 50 per cent of the Dingley rate. This bill provides for a 75 per cent reduction.

The CHAIRMAN. It provides for a reduction to 25 per cent.

Mr. DALZELL. From 75 to 25 per cent.

Mr. DRISCOLL. Yes, sir. They say not to reduce it more than 50 per cent of the Dingley rates. In the last Congress they opposed the Cuban reciprocity bill in the caucus and in the House and everywhere they could, but they found the treaty accomplished what was stopped in the House. They are now aware that the Secretary of War is in favor of what he calls relief for the Philippine Islands. They are probably aware that the President favors it, and they know what that

means. They are therefore willing to compromise, and, as nearly all legislation is the result of compromise, it seems to me that they are very liberal in yielding gracefully to this extent; and it seems to me, furthermore, that if the various tobacco interests of this country would gracefully yield to this proposition without any contest it would be a wise thing for this committee—excuse me for offering any advice—to make that report.

Mr. DALZELL. We are glad to have the advice.

Mr. DRISCOLL. Because my own notion is that if you report this bill as Mr. Curtis has introduced it, it will meet very stubborn opposition in the House and perhaps in the Senate, and I do not know what the result may be, but the people interested in tobacco all over the country will feel very sore about it.

Now, the New York delegation, every Republican in that delegation except two, have addressed a letter to Mr. Payne, chairman and dean of our delegation, saying that we do not believe that an extra session of Congress is necessary for the purpose of tariff legislation. So far as that goes that is a stand-pat declaration, and I wish to say to the gentlemen from Pennsylvania that I suppose they are stand-patters. It is pretty hard, since we are standpatters at the present time, to attack these industries of sugar and tobacco.

The CHAIRMAN. You are addressing yourself to the gentlemen from Pennsylvania and not to the gentlemen from New York.

Mr. DRISCOLL. Yes, sir. Those two great industries, yielding to what they may consider the necessities of the Filipinos, and yielding to the sentiment of the Secretary of War and the opinion of the President, are willing to compromise on this proposition. It seems to me that would be the wisest and best course for this committee and the House to pursue.

The CHAIRMAN. It appears that the selling price to-day of tobacco is 10 cents a pound. I suppose that means filler and not wrapper tobacco. Now, 25 per cent of the Dingley rate would be about 9 cents a pound, so that if the Philippine tobacco cost 1 cent a pound there would still be room for the 10-cent pound rate in New York. Of course the tobacco can not be raised for 1 cent a pound, or considerably more than that. That would, after all, give protection to the tobacco industry in your district and mine.

Mr. DRISCOLL. They may not accept that statement from you in your district because they are very sensitive about this constant reducing of the rate.

The CHAIRMAN. No tobacco grower in my district has written me at all.

Mr. BIJUR. In the Government figures of prices of tobacco the prices at the farm are given for tobacco in this country and you have to add to those 2 cents for packing, \$1 for the boxes which we put the tobacco in, and 20 per cent additional cost for the shrinkage before the tobacco is ready for market, where you reckoned your Philippine tobacco at actual weight prepared for market in the export figures.

The CHAIRMAN. That is the reason the lowest price for leaf tobacco is 7 cents a pound in Manila?

Mr. BIJUR. The export figures given in the whole returns that we have been able to get are not the figures for tobacco in the raw state. Are the figures you mention Mexican or silver figures?

The CHAIRMAN. They were in gold, as I understand.

Mr. CLARK. Is this foreign tobacco which comes in here stemmed?

Mr. BIJUR. No; the Philippine tobacco does not come over in any quantity worth considering.

The CHAIRMAN. Mr. Hill informs me that the statistics, as he gathers them, show the average price of the export leaf tobacco from the Philippine Islands to be between 5 and 6 cents.

Mr. HILL. In the entire exports to all the world they average 5.05 cents.

Mr. DRISCOLL. You say you have received no letters on this question, Mr. Chairman?

The CHAIRMAN. No letters from tobacco raisers. I have received several letters from cigar makers.

Mr. DRISCOLL. It also opens up another phase. You keep reducing the tariff on tobacco and it tends to discourage our people in the way of investing money and increasing their business. It also tends to discourage our home sugar producers in the same way. Another thing, you might reduce it to such an extent as to cause the development of tobacco growing in the Philippines and by and by when the crop is large and we began to reduce it or change it the effect would be to hitch the Philippines closer to us than now. There are a lot of people, and Republicans, who would not like to do that and who are ready to get rid of the Philippines in any honorable way.

The CHAIRMAN. Before the holiday recess I asked some gentlemen, interested in sugar particularly, if there was not some figure on which we could make a compromise bill and put it through without contest and the reply was that they would not submit to a penny's reduction in the duty.

Mr. DRISCOLL. The tobacco growers may urge a compromise.

Thereupon the committee adjourned to meet to-morrow, Thursday, January 26, 1905, at 10 o'clock a. m.

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## SUGAR.

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COMMITTEE ON WAYS AND MEANS,  
HOUSE OF REPRESENTATIVES,  
*January 26, 1905.—10 a. m.*

The committee met, Hon. Sereno E. Payne in the chair.

### STATEMENT OF COL. JAMES D. HILL.

The CHAIRMAN. Please give your name, and official connection with the sugar business, to the stenographer.

Mr. HILL. My name is James D. Hill. I reside in New Orleans, and I am a sugar planter.

I appear before this committee with pleasure. I have had frequent cause to come before it, and the kindness and consideration that has been shown by the committee on all occasions that I have been here makes it very pleasant for me to appear before it again. Once more the sugar interest of Louisiana aspires to have itself heard, so that it may be properly protected, without, at the same time, doing injury to any other interests of the United States.

General GROSVENOR. Is the State of Louisiana, through its organization as it stands now, in favor of a protective tariff?

Mr. HILL. Yes, sir; the Senators and Representatives vote invariably that way.

General GROSVENOR. They do?

Mr. HILL. With the exception, I believe, of one or two from the northern part of the State.

General GROSVENOR. They did vote for the Dingley bill, I believe?

Mr. HILL. Yes, sir.

General GROSVENOR. Did they?

Mr. HILL. They did, with the exception of one or two, I believe.

General GROSVENOR. Not all. One Senator and one Representative.

Mr. BOUTELL. Three Louisiana Representatives.

Mr. HILL. The First, Second, and Third districts voted for the Dingley bill; Senator McEnery did the same thing, and four of our delegation voted against the Wilson bill.

General GROSVENOR. They voted this year that protection was a robbery, by an overwhelming majority, did they not?

Mr. HILL. I am afraid some people are not choice in their language; but our people do not call protection robbery.



I am glad to appear here in the capacity of a representative for sugar; and I am glad, because it is a subject that has had the consideration of statesmen in this country from the very foundation of this Government. The very first tariff bill that was passed in the United States contained a good, high tariff for sugar, and from that day to this, with the exception of the year 1890, sugar has been more or less protected by the tariff bills that have been passed.

Of course, from the Democratic standpoint this has been done largely because of its revenue-producing feature, and all parties for many years seemed to agree that for the purposes of obtaining revenue it was proper that sugar should receive a good, high tariff.

In 1890, when the bounty was put on and the tariff taken off, sugar-beet cultivation had started in this country. From that time until now we have had the Republicans putting a protective duty on sugar, because from that date sugar has been considered an infant industry, with the greatest promise perhaps of any governmental protected product that can be found within the States.

It would seem, therefore, that in the outset of this Government both parties were agreed that a tariff should be levied on sugar, and it would seem as though we had almost come back to that same position to-day when, inasmuch as it is the best revenue producer, and inasmuch as it is an infant industry, both parties can consider that it is proper to protect sugar by a tariff duty.

I take it for granted that the Democratic members of this committee can be properly called on to do something toward shaping this bill we are considering, the Curtis bill, because from the very outset, since the islands were taken by this country, Congress has legislated concerning them. The legislative and executive branches by these enactments have shown their belief that it was proper to put a tariff on colonial imports. And the opinions of the Supreme Court in the celebrated insular cases have confirmed the practice as constitutional; therefore, in presenting this case to the committee we hope that the Democratic members can be made to see that it is their duty, in the discharge of a constitutional privilege, declared to be theirs under the decisions of the Supreme Court, to help maintain the present tariff on goods brought from the Philippines, if we show that such a course will be for the greatest good to the greatest number of our citizens. I know I can appeal to the Republicans on this principle, for they have always believed in this policy, and have shaped the present colonial tariff legislation with a declaration of intending to escape injuring home industries.

Of course the reference I have made to general tariff legislation has had regard to the policies which have been pursued toward articles imported from foreign countries. I may be met at this point with the remark that this case is differentiated, because it treats of tariff levies against a colony of the United States. But I say that the question of the right so to do has been settled both by the course pursued by the executive and legislative branches of the United States Government, as well as being declared good, sound, constitutional doctrine by the Supreme Court of the United States.

MR. DALZELL. If there is any statement by the legislative branch it has been in favor of freeing the colonies from the tariff. The tariff was taken off from Hawaii and Porto Rico. And the decision of the

Supreme Court was not on the question of tariff; it was simply on the question of our constitutional power.

Mr. HILL. May it please you, Mr. Dalzell, the tariff was at first maintained upon articles brought from Porto Rico; it has been maintained up to this day to the extent of 75 per cent of the Dingley rates, upon certain articles brought from the Philippine Islands. The reduction of the tariff on Porto Rico to a basis of free trade was because you gentlemen did not believe that an injury would result from that course to the citizens of the United States. Therefore, in presenting this case, if we can show that such an injury may follow, and that there is no necessity for a reduction beyond the point that has already been reached in the case of the Philippine Islands. We hope that you gentlemen will conclude to let the Philippine tariff remain where it now stands.

Of course, we have appeared before this committee in the past, opposing certain sugar legislation, which has nevertheless been carried through, and now the comment is heard on all hands that the predictions which we made in connection with it have proven to be utterly unfounded.

General GROSVENOR. Did not all the predictions that your people made prove to be unfounded, to wit, the injury to the sugar crop of the United States? Has not the price of sugar been higher than ever before?

Mr. HILL. I appeared, General Grosvenor, before this committee three years ago opposing Cuban reciprocity, and really it is the greatest pleasure that I have in being here to-day—that I can stand before you and reiterate every word that I spoke in 1902 regarding the injury that would follow from the reciprocity treaty with Cuba, and denounce it now not only for that injury, but as having failed to produce one single good effect which its advocates claimed for it. We then stated that it would not benefit the Cuban planter, but solely the American sugar refiner, and that the further effect of passing such a treaty would be to destroy the development of the sugar industries of the United States.

Last year no man in this country would have dared to say that our predictions concerning the Cuban reciprocity were not well founded. In my State of Louisiana there was scarcely one sugar planter who sold his crop for money enough to reimburse the expenditures made to produce it, and an estate that had cost nearly a million to establish was sold for \$150,000. And no thanks is it to the American sugar trust that we are not in the same condition to-day, for they are taking their rake-off to the injury of the Louisiana and the Cuban planters alike, even now, in this blessed year of our Lord 1905.

The CHAIRMAN. I do not know whether you stated it, but others stated two years ago that entire concession of the tariff was taken up by the Sugar Trust in respect to Hawaiian sugar, and also Porto Rican sugar. The committee made examination of the facts, and when we made proper allowances for the differences in freight and matters of that kind we found that the Hamburg price prevailed throughout the world, not only in New York, but in relation to Porto Rican and all kinds of sugar. Of course, I have not examined this statement that you make now. It was stated here the other day that the difference was some 20 cents, and I think one gentleman stated

the difference in price was 10 cents. As I say, I have not examined it; but the statements that were made two years ago proved to be incorrect, when we came to take all the factors into consideration.

Mr. HILL. I did not make any reference three years ago to Hawaiian sugars. We charged then, in the spirit of prophecy, what we charge now, in the light of facts, that the Cuban reciprocity was unwise legislation. We charged that the 20 per cent reduction on sugar would not put a cent in the Cuban pockets, but would be absorbed by the sugar refiners, and now in your hearing to-day I charge that this is true.

Turn to Willett and Gray's reports for the 12th of January, 1905. The refiners were buying 96 per cent test sugars in New York at \$5.06 per hundred pounds. The 20 per cent reduction on Cuban sugars would be about 33 cents per 100 pounds. The Willett and Gray report states that in Hamburg on that day 96 per per cent sugar was selling at a price whose New York parity would be \$5.41 per 100 pounds.

The \$5.06 which the refiners were paying in New York from the \$5.41 which the sugar was worth showed that somebody was bearing the market at somebody else's expense, and clearly proves our contention made in 1902 that the 20 per cent would all go into the refiner's treasury and none into the Cuban's pocket—for on that 12th of January, 1905, the Cuban planter was not only losing all of the 20 per cent reduction, professedly made to benefit him, but he was being fleeced nearly 2 cents per 100 pounds more—I presume done simply to prove how much sharper the refiners were than we gave them credit for being in 1902.

The fact remains true, as I stated here three years ago, that now they are forcing down the Louisiana market, not only the 35 cents per hundred below the Hamburg market, but three sixteenths per pound below the New York market. They deduct three-sixteenths from the price in New York, and that is the price paid us for our 96 test sugar in the city of New Orleans. But so much for one side of the Cuban reciprocity treaty. You, gentlemen, will recollect that it was at first urged entirely because of the benefits it was to confer on Cuba. That brilliant and alluring eye of Cuban reciprocity drew the whole administration into admiring love of its charms, and into declaring that they would gladly sacrifice to it all their wives' relations—Louisiana being held in that honored light since the glorious neuptials of the treaty of 1803 were consummated by Jefferson and Napoleon—for nearly every great sugar interest, beet and cane alike, are found in the territory comprised within the borders of the great Louisiana purchase. That eye seems disfigured by the proceedings of the trust in scooping 35 cents out of a possible 33 cents' benefit which this reciprocity treaty was to confer upon the Cuban planters.

The other eye, the left, that winked so seductively upon the manufacturers, and urged them to push the treaty along in the halls of Congress, seems now to have been as deluding as the first. When the cry was changed from "Pass it because it will benefit the Cuban" into "Pass it because it will benefit the manufacturers of the United States," we ventured a prediction, too, on that line, which has been verified nearly as closely as the one upon the benefits to Cuba. I say nearly, because the sugar refiners with a master hand have taken more than all the benefit conferred by the reciprocity treaty upon the Cuban

planter, while its effect on the exports of the country into Cuba has been to increase the purchases of Cuba from us the enormous sum of  $1\frac{1}{2}$  per cent.

Our prediction, then, as to the futility of trying to force our products into Cuba by the treaty was that almost everything that treaty affected was bound to come from the United States, and the treaty would not increase the consumption thereof in the island, and that those things which we did not export to Cuba we never could export until the manufacturers consulted the tastes of the islanders themselves. This would be much more certain to give them a preference in that market than the reduction of the duty.

With an enlightened policy which educates merchants and manufacturers alike to consult the wishes of the buyer, Germany, England, and Spain have almost shut us out of the Cuban market.

But there was another side to the question at that time, on which the changes were rung not only by ourselves but also by the beet people; that the treaty would be a hindrance to the building up of the sugar interests of this country. Now, what is the fact? You, gentlemen, will recollect that Mr. Saylor stated here, before this committee, that 83 factories were at that time in contemplation to be built throughout the United States to produce beet sugar. I think I heard in this committee room, a day or two since, that out of the entire 83 factories projected there have been constructed about 6, and possibly those 6 were only built because the matter had gone so far at the time that they were not able to retrace their steps.

But so far as the general sugar interests of this country are concerned, there can be no doubt that the passage of the reciprocity treaty put a stop to that development, and the result is that we have now hardly more factories in this country than we had three years ago.

General GROSVENOR. What do you think would be the effect of a general production, the wide-spread production of beet sugar in this country, say by an addition of 83 large factories, upon your cane production?

Mr. HILL. I think that we can meet that condition.

General GROSVENOR. You think you can?

Mr. HILL. I think we can.

General GROSVENOR. You think that you can compete with the manufacturer of sugar from beets?

Mr. HILL. We are doing exactly as was told you by some gentlemen from the beet countries. We are reducing the cost of our production, and the result is that we are still living, and I believe that we can live as long as the beet-sugar people in this country.

Mr. WATSON. What was the shortage in the crop last year in cane production?

Mr. HILL. Last year 115,000 tons less than it is this year.

Mr. BOUTELL. It was a record crop in 1904.

The CHAIRMAN. What is the cost of production of the sugar crop?

Mr. HILL. A little over 3 cents.

Mr. BOUTELL. What is the cost of sugar refined?

Mr. HILL. We do not make that. I do not know.

Mr. WATSON. Did that shortage of 115,000 tons in the one year as compared with the other have any relation to Cuban reciprocity?

Mr. HILL. Yes, of course it did.

Mr. WATSON. You say that it was a bad crop condition?

Mr. HILL. Not only that, but on the heels of the bad crop result we are met with what I explained here a little bit ago, an enforced reduction of price paid for our sugar, not only the loss to us brought about by the 20 per cent reduction on the Cuban sugar, but three-sixteenths per pound less than that was paid to us for our sugar in the city of New Orleans.

Mr. CLARK. How is it, then, that you received more last year than you did the year before.

Mr. HILL. We did not.

Mr. CLARK. I mean last year, 1904, you raised 115,000 tons more than you did in 1903?

Mr. HILL. Yes, sir; we raised 115,000 tons more in 1904 than in the year of 1903.

Mr. CLARK. What I say is that last year you raised more than you did the year before.

Mr. WATSON. Then you raised 115,000 tons more since the reciprocity than you did before?

The CHAIRMAN. He speaks of this present year—the crop of this present year.

Mr. CLARK. There is a confusion of the years. The last crop year you raised 115,000 tons more than you did the year before?

Mr. HILL. More than we did in 1903.

Mr. CLARK. You had the same Cuban competition then as you had the year before?

Mr. HILL. Yes, sir.

Mr. WATSON. No; Cuban reciprocity did not go into effect until 1903. That is what I was trying to get at. After Cuban reciprocity had gone into effect.

Mr. HILL. In 1903 we raised 215,000 tons. In 1904 we raised 230,000 tons. Cuban reciprocity was in operation during the sale of both crops.

Mr. WATSON. That is it.

Mr. HILL. And in 1902 we raised 321,000 tons.

Mr. WATSON. In other words, after Cuban reciprocity had gone into effect, and was in operation, you raised 115,000 tons more than you had before. How do you account for that?

(The question was here repeated to Mr. Hill by the stenographer.)

Mr. HILL. We thank God for it. That was purely a matter of climate and weather conditions.

Mr. WATSON. How about the price in 1904, as compared with the previous price?

Mr. HILL. It was higher in 1904.

Mr. WATSON. Do you thank God for that, too?

Mr. HILL. I thank God for that heartily; and I give a portion of my thanks to this Ways and Means Committee. I am obliged to you, for giving me a chance to say so. I have appeared here on several occasions, discussing this sugar question, and I am glad to say that it has not always been in opposition to the policy favored by the Ways and Means Committee, notably in 1897. By reason of a step which you were bold enough to take in this Ways and Means Committee room in that year, and which Mr. D. D. Colcock, Mr. Charles A. Farwell, and myself had the honor to press upon this committee, and

upon our great friend, who then presided over its destinies, the Hon. Nelson Dingley, you wrote into the Dingley bill the provisions for a countervailing duty.

For years the British Parliament had halted between two opinions, convinced of the justice of countervailing against European bounties in the interest of the West Indian sugar planter, and stayed through the fear of offending the home people, who were anxious for cheap sugar, to make their jams and preserves, no matter at whose cost.

With that spirit of magnanimity to your home people which I hope to see emulated by you in your consideration and action on this pending bill, you dared to write into the Dingley bill a clause which was intended to free us from the nefarious schemes of sugar-bounty nations. Although this act did cause the German to give one more defiant twirl to his cocked moustache, and inflamed the Russian to howl for a tariff war, it was the blazing of the path which opened the way for the British to finally threaten retaliation on the bounty-giving European States. This led to the Brussels Conference of 1902. To the determinations of that conference are largely due this year's high sugar prices, which have averted the bad effects which would have resulted from the passing of the Cuban reciprocity treaty upon the crop of 1904, as it has affected the previous crops of sugar since its passage.

You passed the reciprocity treaty notwithstanding the evil effects which we proclaimed were certain to follow, namely, that it would cheapen sugar in the interest of the trust. It has done this for three years, and is doing it to-day, so that the advocates of Cuban reciprocity are only saved from condemnation for this result because the beneficent effects of the Brussels Conference, which abolished bounties and the "cartel," have operated more quickly than the most sanguine could have anticipated.

So much for the contention that we were false prophets in 1902. The gist of our opposition to the treaty was that the Cuban planter was not to be benefited by it, but that the trust was, and I defy any refiner to "deny the soft impeachment."

For two years we have suffered because the Brussels Conference had not yet saved us; but for it we would be suffering this year, as we have been in the past—not only ourselves, but allied industries affecting millions in money, and I may say millions of people. For you will remember, in 1902 I showed you that the Louisiana sugar industry alone involved the distribution of \$70,000,000, and in its distribution reached nearly every State of the Union.

I have shown that the bold and vigorous course of this Ways and Means Committee in 1897 in countervailing was the pioneer legislation which resulted in the Brussels Conference, and through it has had a world-wide result for good. The State of Louisiana claims that it gave the incentive thereto. May we not therefore ask to be patiently heard and duly considered when we examine the provisions of the pending bill, and not be suspected and discounted as having only a penny-wise, selfish interest in the discussion?

The CHAIRMAN. You said that the cost of producing sugar in Louisiana now was a trifle over 3 cents a pound. How does that compare with the cost of sugar ten years ago? Have you been reducing the cost of making sugar, and to what extent?

Mr. HILL. I stated in 1902 that our product cost us  $3\frac{1}{2}$  cents, without calculating interest on investment, deterioration of plant, and taxes. We have got it down about half a cent a pound, I think, from that.

The CHAIRMAN. Since three years ago?

Mr. HILL. Yes, sir.

Mr. CLARK. Does that grow out of the fact that you have improved the method of raising the sugar cane, or the method of extracting the juice out of the cane, or both?

Mr. HILL. Everything is being done, both in the way of improved methods of cultivation and improved methods of extracting the juice and manufacturing the sugar also. They are working on all the different lines. Now, when I speak about 3 cents, the interest on original investment is never dreamed of. A number of those plantations in Louisiana cost enormous sums, and we never think of charging up the interest account on investment, because there would be no profit on the books at all if we did that.

The CHAIRMAN. That is the cost, without reference to the interest at all?

Mr. HILL. Yes, sir.

The CHAIRMAN. In other words, that is the labor cost?

Mr. HILL. The labor cost and fertilizing and everything connected with the cultivation of the crop and the manufacturing of the sugar after the cane is cut.

The CHAIRMAN. That is all labor?

Mr. HILL. Yes, sir.

Mr. BOUTELL. Is the labor in sugar cultivation exclusively negro labor?

Mr. HILL. No, sir; we have Italians down there. We have quite a number of them.

Mr. BOUTELL. Is the white labor on the southern plantations increasing?

Mr. HILL. The Italian labor is.

Mr. BOUTELL. Is it any better and more efficient than the negro labor?

Mr. HILL. No, sir; because we have not yet been able to get those Italians to do the work of teamsters. We have not so far gotten them to work as plowmen.

Mr. CLARK. What is the average price of an acre of sugar land in Louisiana, about?

Mr. HILL. I do not know that I can answer that question.

Mr. CLARK. You can tell somewhere in the neighborhood of it. I want to ask you two questions. First, what is the average price of the sugar lands, and, second, what is the average cost of raising an acre of sugar?

Mr. HILL. The average price of the sugar lands would run all the way from about \$10 an acre up to, I suppose, \$35 an acre.

Mr. CLARK. Say \$25 on the average, then. How much do you produce to the acre?

Mr. HILL. The production this year has been over the average. I suppose it will run 20 tons to the acre.

Mr. CLARK. Twenty tons of sugar?

Mr. HILL. Twenty tons of cane.

Mr. CLARK. How much sugar is that?

Mr. HILL. The sugar product this year has been about 125 pounds to the ton.

Mr. CLARK. How many tons did you say?

Mr. HILL. About 20 tons.

Mr. CLARK. That would be 2,500 pounds of sugar to the acre.

Mr. HILL. The statement is made generally, and it is correct, so far as my own experience goes, that this is a year in which there has been a larger amount than usual.

Mr. BOUTELL. What do they pay the labor on the sugar plantations in Louisiana?

Mr. HILL. It is about a dollar a day during the grinding season, and of course the teamsters and loaders get more than that, running all the way from \$1.25 to \$1.75 a day.

Now, as to the statements that I have made in regard to our predictions about the Cuban reciprocity treaty, and how they have been verified since, I simply made them, to get a little closer to this committee, if I can. I beg that they will have their ears open to an appeal concerning this pending bill. We are interested in sugar, we are interested in the United States, and we are not, we think, appearing before this committee, time and again, simply for the purpose of selfishly urging our own interests against the interests of everybody else in this country. I wish it to feel that the Louisiana sugar planter has a desire to benefit somebody else than himself to-day, when he recalls your course in 1897, when the State of Louisiana was with you in the battle against bounties. This Philippine bill pending, known as the Curtis bill, undertakes to reduce the tariff on the articles coming from the Philippines (sugar and tobacco) down to 25 per cent of the Dingley rates. Is there any need for that, so far as the Filipino is concerned? And is there not every reason against it, so far as the American sugar producer is concerned? Let us take the first proposition; does the Filipino really need it?

They have over there a population of ten millions of people, who have been for centuries cultivating those lands and making their living, and evidently prospering, even under Spanish rule, or no such population would be there. Is there any reason why there should be intensive sugar cultivation by the Filipino, when it is to be done at the cost of some other interest of the United States? Is there any reason to believe that with what it cost now to produce sugar in the Philippine Islands that they need this reduction for the purpose of advancing that interest legitimately? It certainly can not be a policy of this country to pick out certain islands out of this entire world and say, because it possesses the fertility and the soil and the climate to produce sugar, therefore we should strike down the sugar industries the world over, so that the entire sugar production for the feeding of the entire world should come from this one spot.

If it were ever good policy on the part of Napoleon, or on the part of the Germans since his day, to insist that the requirements of a nation should be produced within the limits of its borders, if possible; if the policy has been a correct one, that as far as possible every nation should be self-supporting; if this be true, and it has caused the expenditure of millions in Europe for the purpose of promoting and fostering various industries; is there any reason, when we know that



we can produce the sugar we need between the Atlantic and the Pacific and between the Lakes and the Gulf, why we should cease striving to do so, and place our sugar bowl only in the Philippine Islands?

If creating a self-supporting nation within boundaries not traversing a sea be sound policy, have we not the right to ask you to consider it, and if it be true that the Filipino does not require this special incentive to be given to him, if he does not require this aid in order to prevent him from giving up the cultivation of sugar altogether, ought you not to consider the claims of those in this country with at least as much care as you consider the claims of the Filipino himself?

Is there not really an idea of broad statesmanship that ought to be indulged in this committee in contemplating this subject? If we should strive within our own dominion to produce all those things for the upbuilding and support of our own people, as you now have for the Philippine and other tropical islands, and you know that within the borders of the United States proper you are unable to produce certain things which are needed for our people, is it not statesmanship for you to so shape your legislation that you would bring out all the power of those islands to supply the things which you can not produce inside of the United States itself?

There are the spices and the fruits and the nuts, and there is hemp, and a dozen different articles, all of which will grow luxuriously in these islands, and all of which are absolutely needed for the comfort and convenience of the American people. Should not, therefore, your attention be drawn to those lines, by which you will be able to promote that development among these people, rather than pick out special articles, such as sugar and tobacco, and induce them to intensify their production, when the effect of that will be detrimental to others of our own people?

The CHAIRMAN. If we do with sugar as we do with hemp we would make it free. Hemp is free. We have done all that we can with hemp.

Mr. HILL. That is what you ought to have done, because you can not produce hemp in this country; and you can not produce the spices in this country, and many other things that grow in the Philippines.

The CHAIRMAN. We are doing all that we can for hemp. You said that we ought to do something in regard to hemp.

Mr. HILL. I do not say that you should do anything for hemp beyond what you have done, but I say that the policy that should be pursued is for the Congress of the United States to foster the growths natural to the islands which can not be raised in the States.

The CHAIRMAN. We are.

Mr. HILL. I am not complaining, but if those countries can develop on those lines should you divert them by your legislation from the cultivation of those things and incite them to cultivate those things which, when brought to this country, will be a detriment to our own people? That is the proposition. There is no need for you to help them over there to produce sugar. They are going to produce sugar as long as we hold those islands, and at a profit; and notwithstanding the fact that they have to pay the whole of the 75 per cent of the Dingley rate to bring that into this country, they will still make a profit, but unless induced to come here they will make that profit in

China and Japan. But the probability is that as long as Hongkong and the Japan islands are as near as they are they will not bring much of that sugar to this country, and it will not make them increase their products so that they can not be consumed by the markets of Hongkong and the Japanese islands.

But if it is so increased that those markets can not absorb it, then it will be brought to the United States, and that is what I fear will be the result of what you are doing now. You are picking out these articles and passing this legislation to induce them to increase the production of tobacco and sugar, and it will compel them to bring those articles to the United States, and the effect will be that it will reduce, if not destroy, the output here.

Believing as I do that this committee has really the interests of the entire country at heart, and believing, as I say, that this bill is not needed for the benefit of the Philippine Islands, but that the immediate effect of it will be to increase the output of sugar in that country where, we are told, that it can already be produced in the neighborhood of a cent a pound or a dollar a hundred, laid down at Iloilo, it does look as if you ought to let those people alone and let them develop naturally and upon natural lines.

How has this country been developed? Has it not been by a natural development—an evolution that has been going on from the year 1620 down to to-day? Have we had any of these fostering cares from the outside world that you are proposing now to throw around the Philippine Islands? Was there any necessity for it in order to have us developed into what we are to-day? How has Great Britain developed? Has it not been upon those same lines? Has there not been an evolution in her people? It is by the fact of their having risen step by step from one level to another that they have been built up into a great race. Is there any reason why you should destroy the manhood of the Filipinos by coddling them and giving them all these unnecessary advantages for the purpose of making them our competitors? Let them grow and develop precisely as we have, and then, when they approach to the degree that we have attained to-day, it will be on a solid and firm basis.

If that is a correct view of this situation, I simply ask this committee, so far as these tariffs are concerned, to let us alone. We came up here two years ago in the month of January and were told that there was a beet-sugar convention being held at that time in this city. I got in here on a day almost like the one we have to-day and went down to the Arlington Hotel and found a convention was in session, and the whole question was, "What are we going to do about the situation?" They had been told from the Administration, as I understood it—that is, of course, not being a 'beet man I do not know whether I got into the whole secret of the situation or not—that they had been willing to make a compromise by which a 20 per cent reduction should be allowed on Cuban reciprocity, and that in view of that fact there should be no further tinkering with the sugar tariff.

Now, we were told that it would be written into the reciprocity bill in such a way that we could go home in comfort. We went home and were perfectly comfortable up to the time that this bill was introduced. Now we are told that the letter of the bill is that it is foreign sugar tariffs that will not be touched. The hope at that time and the

belief was that it covered every importation of sugar into this country, and more particularly was this justified because at that time you gentleman did, to a certain extent, consider the Philippines "foreign" country. They were foreign countries, so far as the insular cases are concerned, as to the tariff.

The CHAIRMAN. You say that the insular cases contain any such language as that?

Mr. HILL. I think there is an expression very much of that kind in the cases.

The CHAIRMAN. The Supreme Court decided that they were not a foreign country, and hence the Dingley tariff did not apply to them.

Mr. WILLIAMS of Mississippi. They decided that they were neither foreign nor domestic, and that they were both foreign and domestic. [Laughter.]

The CHAIRMAN. It was decided that they were not foreign countries so far as the tariff was concerned, and the Dingley tariff, which related only to cases of foreign countries, did not apply to them. Of course there is hardly time this morning for a discussion of the insular decisions.

Mr. HILL. The cases decided that inasmuch as there had been no legislation in regard to those islands at the time certain articles were brought from them into the United States, that those articles were to be exempt from tariff duty; but, inasmuch as Congress did have the right to legislate concerning those islands as it saw fit, that it also had the right to levy a duty; and Congress has levied against the Philippine Islands duties amounting to 75 per cent in the Dingley bill, and very justly so.

The CHAIRMAN. We considered that as a reduction then, because it was in the midst of Congress that the Dingley tariff did not apply.

Mr. HILL. And also that this Congress had the right to levy a tax against those islands, and they did it; and that stands to-day. That is the decision of the Supreme Court.

The CHAIRMAN. We decided that in the House when we passed the Dingley bill, and the Supreme Court confirmed our judgment. The majority was not much, but it was enough.

Mr. HILL. It was sufficient. I say it is good for this further reason, that the Supreme Court, by that decision, not only recognized the right of Congress to legislate concerning the tariff on those islands, but it likewise put those islands in this condition, that not being incorporated into the United States, if you see fit to get rid of them, you have the power to do it. In my opinion that in some of the most engaging features of the insular decisions, and I only hope that you will conclude to turn loose, and see what they can do for themselves, and, if they can, develop in to a great nation.

You can do it now, and alone under the judgment of the Supreme Court. And, therefore, I see in that Supreme Court decision, one of the greatest benefits which could be rendered to this country, by any decision from that Bench.

I again turn to the Democratic members of this committee, and beg that inasmuch as you are justified, by that judgment, in levying taxes against that people, do not let your kindred home people be injured by any recommendations that may come out of this committee. We are in the hands of this committee, and in the hands of the Congress

of the United States, and we stand before you as American citizens of your own blood, having expended our fortunes in our Southwestern country, as wealth producers, in producing sugar, and we contend that the policy of this bill is injurious to us, and we ask that we receive, at the hands of this committee, as great a consideration, if not greater, than that which you extend to the colonies of the United States.

Mr. BOUTELL. In the New Orleans Picayune of December 31 last—a paper, by the way, which I regard as one of the best papers in the United States—

Mr. HILL. It is.

Mr. BOUTELL (continuing). In a very interesting and suggestive editorial describing the present wonderful prosperity in the South, especially in new manufactures, it contained this sentence:

By consequence of which the people of the South are no longer carried away by the free-trade fad.

Does that express the present sentiments of the people of Louisiana?

Mr. HILL. It does. I speak, of course, for my own people. I am in the city of New Orleans, and I think it is the opinion entertained by nine-tenths of the people of that city.

Mr. BOUTELL. On the 7th of January of this year that same paper published an editorial containing this sentence:

The only enemy that the sugar industry has to fear is the tariff tinkerer and the reciprocity crank.

I suppose that you give a more unqualified assent to that language?

Mr. HILL. If it be not considered personal and offensive to the committee, I would say "Yes." [Prolonged laughter.]

Mr. BOUTELL. We only wish that the people of Louisiana would vote those sentiments.

Mr. HILL. The people of Louisiana send up to this Congress every two years people who vote with you for protective-tariff measures.

The CHAIRMAN. How do they vote on the organization of the House?

Mr. HILL. You have not taken them into your caucus yet.

The CHAIRMAN. No, I do not think we have; nor have they taken us in.

Mr. HILL. I wish they could absorb you. I think they would do you a heap of good on this legislation.

Mr. CLARK. You only plant your sugar once every two or three years; which is it?

Mr. HILL. Every two years.

Mr. CLARK. And yet you say that the cultivation of sugar is more expensive than that of any other crop. Why is that true?

Mr. HILL. It is true.

Mr. CLARK. We plant our corn every year. Do you raise corn there at all?

Mr. HILL. Yes, sir.

Mr. CLARK. Does it take any more labor to raise an acre of sugar than it does to raise an acre of corn?

Mr. HILL. Yes, sir.

Mr. CLARK. How much more?

Mr. HILL. I can not state the figures exactly, but know that it is true.

Mr. CLARK. How many times do you plow sugar cane?

Mr. HILL. Sometimes five or six times.

Mr. CLARK. Do you do anything else to it to raise it besides plowing?

Mr. HILL. We hoe it.

Mr. CLARK. How many times do you hoe it?

Mr. HILL. As it requires it.

Mr. CLARK. How many times would you hoe your cane on the average?

Mr. HILL. We would hoe it often enough to keep it in good condition. If it took six times it would be hoed six times. And if it took five times it would be five times.

Mr. CLARK. How many times does it take on the average to keep it in good condition?

Mr. HILL. As high as four or five times, ordinarily, to put the crop in good condition.

Mr. CLARK. This whole matter is a practical matter. That is what I want to get at, the cost of raising an acre of sugar, and the result from an acre of sugar, as compared with the cost of raising an acre of corn and the result from an acre of corn, in dollars and cents.

Mr. WILLIAMS, of Mississippi. You say that you have to hoe the cane three or four times, and you have to plow it about five times, sometimes more and sometimes less. Do you not have to hoe the corn as often as you do the sugar cane?

Mr. HILL. I do not think we do.

Mr. WILLIAMS, of Mississippi. Is not the purpose the same, and do you not have to hoe it whenever it threatens to become weedy?

Mr. HILL. But not so often.

Mr. WILLIAMS, of Mississippi. Now, when we raise the sugar cane up in central Mississippi, not to make sugar but to make sirup, my experience is, and I raise both, that the sugar cane grows so much more rapidly and shades the ground so much more than the corn, that it needs much less hoeing that corn does.

Mr. HILL. I do not know how it may be in your country, but when it comes to raising sugar cane on a plantation that is not the case. Of course I do not know how it is up in Mississippi, but of course cane is not produced in Mississippi and brought to that state of cultivation so that it will make sugar.

Mr. WILLIAMS, of Mississippi. It is more expensive in some particulars, because you require fertilizer more; but so far as the work is concerned, do you think that there is more labor expended on sugar than on corn, before it is ready to be cut? Of course then there is a great difference.

Mr. HILL. I have been informed that it takes three times the work for cane that it does for corn.

Mr. CLARK. I want to get these figures about the production of sugar as correctly as possible. I understand you to say in a rough way that the average acreage of sugar land would be worth \$25 an acre, and that the average production of sugar would be about twenty tons?

Mr. HILL. That is the average.

Mr. CLARK. And the average production of this sugar that you make would cost you about 3 cents a pound, and there would be about 125 pounds of sugar to the ton of cane?

Mr. HILL. Yes, sir.

Mr. CLARK. How much did you get for that sugar?

Mr. HILL. We have had a remarkable season this year.

Mr. CLARK. How much does it average?

Mr. HILL. I got 4½ cents for what I sold at first. I wish that I had held my whole crop. I think that the last I sold I got 5 cents for.

Mr. CLARK. Is that the average? For the last four or five years what has been the average paid? •

Mr. HILL. No.

A BYSTANDER. 3½ cents a pound.

Mr. CLARK. 3½ cents would be the average?

Mr. HILL. Yes, sir.

Mr. CLARK. That would make you get for your sugar-cane crop \$80 per acre. That is more than we can get for three acres of corn or four, and the best corn on earth, too.

#### ADDITIONAL STATEMENT OF COL. JAMES D. HILL.

The CHAIRMAN. Mr. Hill, I think, according to Willett & Gray's report on the date you mentioned, that the price of granulated sugar, German sugar, in New York, and so forth, is \$5.95, while that of the various refining companies, Arbuckle and the Federal Company, is \$5.80, or in other words, the Hamburg price is 15 cents higher than the New York price; so that that of course would contradict your statement on the centrifugal sugars.

Mr. HILL. Not in the slightest. The statement that I made was, as I said before, when speaking about what would be the results of the Cuban reciprocity bill, that the refiners would scoop every single cent professedly intended for the Cuban planters.

Now, I stated as a matter of fact that the prediction of 1902 had been verified, and the refiner now not only scoops the whole 33 cents that ought to go into the pockets of the Cuban planters, but takes 2 cents besides; that 2 cents may be a part of that 15 cents that you refer to there, concerning granulated sugar made in this country. They may for certain specific reasons sell it for less than the Hamburg price of granulated sugar. But that does not affect the question, at least to the point I make, and that is that the legislation in favor of Cuban reciprocity could not and would not benefit the Cuban planter and has not benefited him.

#### STATEMENT OF MR. D. D. COLCOCK,

*Secretary of the American Cane Growers' Association.*

Mr. COLCOCK. Mr. Chairman and gentlemen of the Ways and Means Committee, we have appeared before this Committee on two previous occasions: First, when you were framing the Dingley bill, at which time our assistance and that of the New York importers enabled you to frame a sugar schedule which withstood the assault of the Senate,

and has proven to be of great benefit to the American sugar industry. Again when we appeared in opposition to the Cuban reciprocity treaty in 1902-3, which fortunately was limited in the administrative section of the bill to 20 per cent of the duty provided in the Dingley bill. With the aid of the beet people we succeeded in defeating such legislation at that session. We now come with the hope of defeating, at this session at least, the proposed additional concession to the producers of sugar in the Philippine Islands. The effect of the reciprocity treaty with Cuba has been to reduce the value of the product of our country certainly 15 cents—and at some times 25 cents—per 100 pounds, as I will demonstrate later on.

This treaty has resulted in bringing into our market the entire sugar crop of the island, except the usual consumption of 40,000 tons by its population, and one or two cargoes which sought the English market, because the disparity between the value of 96° there and here was more than the concession which this Government thought it was giving to the Cuban producer. Now, with this experience to guide us, let us see what the forecast is for the Philippines. To me, at least, it is evident that if the duty on 96° Philippine sugar is reduced to 25 per cent of the rate provided under the Dingley bill, the American refiner will refuse to pay the Philippine producer within 70 or 80 cents per 100 pounds of the London price for 96°; in which event not only will we domestic producers sustain a further loss of from 55 to 70 cents per 100 pounds, but the Cuban producer, finding himself in the same boat with us, will ship his sugar to the British market, and even though by its bulk it may reduce values there, he will still be more profitably engaged than he would be by shipping to the markets of the United States.

Submitting gracefully to the injury done us by the Cuban reciprocity treaty, when we are confronted by this new threat we combine with the Cuban to protest against this worse evil. Clearly to us it has no merit and stands on no foundation of righteousness. In 1893 the Philippine Islands had produced, as nearly as we can approximate, 230,000 acres under cane. The product exported, we are told by agricultural reports, was 25 per cent of 88°; 18½ per cent of 85.5°; and 56¼ per cent of 76°. Anyone conversant with the facts as to the method of manufacturing in those islands, and in Louisiana, or Cuba, will tell you, truthfully, that by the erection of modern sugar houses, and the employment of skilled labor therein, the outturn of sugar of 96° would be twice as great per ton of cane, and by methods of agriculture, say proper tilth and fertilization, again doubled when skill and science displace in the fields of these islands the present "main strength and stupidity."

Mr. CURTIS. Do they produce any sugar over there above 16 Dutch standard?

Mr. COLCOCK. No, sir; those sugars are shipped to Japan and Hongkong for refining, except what comes to the United States, which you will readily see by chart No. 3.

Now, in 1893, there was exported from these islands 262,000 tons of sugar. Quadruple this, which can be done in three years, and they will export 1,048,000 tons, and this I believe to be too low a figure, since the amount retained for consumption in the islands will hardly be trebled in that period of time. Indeed, 1,300,000 is a conservative estimate.

Now, gentlemen, what will you have accomplished from an economic standpoint? Why simply this: You will have turned away the Cuban crop, and so lost our import and export trade with our neighbor. You will have crippled our domestic industry, both beet and cane. You will have conferred upon the Philippine producer less than one-half of what he fondly and foolishly imagines he is going to get, and so incur his ill will; and, as a crowning folly, you will have enriched still further the American sugar refiner—whoever he may be at present or in the future—beyond all bounds of reason.

The natural course of events following the abolition of bounties and the reduction of internal taxation in European beet-sugar countries is accountable for the greater part of the rise in sugar values since December 23, 1903, when Mr. Taft brought forward this proposition to "aid his people." This rise is about  $1\frac{1}{4}$  of a cent per pound, or  $\$1.68\frac{1}{2}$  cents per 100 pounds, which, strange to relate, is but a minute fraction more than the duty on 96° sugar in Schedule E of the Dingley bill.

Let me hold your attention to these figures. You will find it stated in the reports of the Insular Commission, which bear imprimatur of the War Department, that the cost of f. o. b. sugar at Manila approximates  $1\frac{3}{8}$  cents per pound. To be liberal we will call it  $1\frac{1}{2}$  cents. Now, to the  $1\frac{1}{2}$  cents add the present duty ( $\$1.26\frac{1}{2}$ ) and freight and charges—say 34 cents in American bottoms—and you have about  $3\frac{1}{8}$  cents per pound delivered in the United States. This would leave a profit of  $2\frac{3}{8}$  cents per pound—over twice as much as many a Louisiana planter has made during this unusually favorable season.

Now, take the forecast of the coming year: German and Austrian fabricants are contracting for beet roots, now, at 30 cents per 110 pounds. This price for roots will bring the cost of sugar produced to 12s. 3d. per hundredweight at the factory, which would warrant a London price of 14s. 3d. per hundredweight—equivalent to  $5\frac{1}{8}$  cents for 96° in New York. Applying the figures used above, the Philippine producers will have a profit of  $\$1.94\frac{1}{2}$  per hundred pounds at the present tariff rates, to wit, 75 per cent on the rate provided in the Dingley bill, which ought to satisfy any reasonable investor.

I venture to say that Mr. Secretary Taft does not know that this is the condition of affairs at this date, or he would cheerfully withdraw his request for any reduction of the present rate of duty imposed upon Philippine sugar. If he would not, I would go further and say that this committee, which is accustomed at all times to wade into, and at some times to wade through the intricacies of tariff schedules, will paraphrase, or modify Shakespeare, thus: "We think the gentleman doth protest too much," and refuse to put any such proposition before the House.

I want to say to you, gentlemen, before I go further, that my position in life warrants an especial claim to your confidence. For twenty-two years I have been the secretary of the Sugar Exchange, dealing with sugar values in the various world's markets, and have for the past nine years, as secretary of the Cane Growers' Association, been afforded abundant opportunity to acquire information as to the cost of production and methods of agriculture and manufacture. I submit as an object lesson two charts—one, of the range of values of 96°, equivalent to London beet quotations and the New York quotations of 96°; the



other, of choice yellow clarified in the New Orleans market, and standard granulated in the New York market, for the period in which Cuba has enjoyed the concession under the reciprocity treaty. The eye will easily inform the brain, when you look attentively at the chart, and I hope it will prove to you, as it has to me, the "boomerang" effect of the proposed concession to the Philippine Islands.

Here is another chart taken from the monthly publication, by the Bureau of Insular Affairs, duly attested by the War Department. Observe that the islands exported to the United States, to Japan, and to Hongkong \$13,100,000 in a total of \$15,000,000 worth—the export of five years, 1899–1903, inclusive.

To the casual observer of this chart, to whom but two elements are known—quantity and value—it signifies little; but to those acquainted as well with the quality of the sugar made in the islands it signifies much. Being in this latter class, I will endeavor to interpret it.

Taking the statement of the Bureau of Insular Affairs as authority, such a large proportion of the product is what is known as "taals" and "damp" sugar, that it does not pay to transport it to distant countries in its original condition. It is a poorer sugar than what is known as "jaggery," exported to Great Britain from India for cattle feed.

On page 633, December report, 1902, the Bureau says: "No attempts have ever been made to manufacture the higher grades of sugar, such as is imported from Java and the Hawaiian Islands;" and the New York importers on January 23, 1905, say that this is the true condition to-day; yet the Bureau declares in the same breath that the Filipino makes an excellent mechanic once properly trained, and that under competent supervision a sugar estate should be run at less expense than are the Hawaiian plantations. We employ so-called "Manila men" in Louisiana, as centrifugal men, and can confirm the statement as to their being good workmen under proper control. Still further confirmation is the statement of Governor (now Secretary) Taft himself, on pp. 801, 802, where you will also find confirmed the statement I make elsewhere as to the cost of labor—52 cents, Mexican, per diem, now equal to 24 cents American money. The Hawaiian Islands produce from 375,000 to 400,000 tons of sugar of high grade, with 150,000 acres under cane, of which 83,000 (10,000 only in stubbles) are annually harvested; and if, as the War Department asseverates, the labor in the Philippine Islands is good and costs but 24 cents per day, it appears to me that energy is all that is needed to cause the sugar producers in those islands to flourish with their present concession of 25 per cent of the Dingley rate.

Remember that the duty on the high grade sugar is \$1.68½, 25 per cent of which is 42 cents, while the duty on "taals" and "damp" sugar is only 98½ cents, consequently the concession of 25 per cent is only 24½ cents.

Surely this increment, the difference between 42 and 24½—say 17½ per 100 pounds, or virtually three-sixteenths of a cent per pound—ought to be encouragement enough for men who seriously contemplate investing their capital in business enterprises, though it is, I grant, not enough for promoters and exploiters who desire to "make their pile" in a year or two, or for the "get-rich-quick" element, who we all believe to be swindlers. So much for the interpretation of the chart produced from the records of the Bureau of Insular Affairs.

Take the three charts together and my case is proven up. By all means, gentlemen, "laugh the case out of court."

Now, as to the question of time. We consider this matter as important as that of the trans-Isthmian canal, and therefore bespeak for it great deliberation and thorough investigation. In support of this request I will read one sentence from a letter addressed to me, dated June 25, 1888, written by Hon. Edward J. Gay, who represented the Third district of Louisiana in the House in the Forty-ninth Congress, and I doubt not was well known, Mr. Chairman, to you, to General Grosvenor, and to Mr. Dalzell, perhaps to the other gentlemen I see before me. Here it is: "The bill for the Nicaragua canal project has been reported on favorably by the Committee on Commerce, and is only awaiting an opportunity to be called up."

Hasty action then would have resulted in putting the canal in the wrong place. Hasty action now would be equally disastrous. We are indebted to this committee for drafting a sugar schedule in the Dingley bill which withstood the assaults of the leading member of the Finance Committee of the Senate when the bill got into that body. We have to thank this committee for limiting the reciprocity treaty to 20 per cent. We have to thank this committee for a very patient hearing when the Cuban committee appealed to have the concession put to 85 per cent in lieu of 20 per cent.

Mr. Chairman and gentlemen, I know it is said that "gratitude is shown for favors to come." I beg to say, in behalf of the industry I represent in part, that we are grateful for past favors, and in any event shall entertain that sentiment toward this committee.

After writing the foregoing—in fact, since I got here on Tuesday last—I received a letter from Messrs. Willett & Gray, of New York, in reply to a query from me: "Who do you mean by cane 'refiners,' and what is their disposition in respect of the Philippine request for reduced rate of duty on their export of sugar to the United States?"

I read from that letter as follows:

The cane sugar refiners now have the markets this side of the Missouri, and the beet sugar interests the other side of the Missouri to the Pacific coast. If Philippine sugars come in freely to the Pacific coast, either raw or refined, it would increase the supply beyond the requirements for consumption and send sugars eastward in competition with cane refined, which is not wanted by cane refiners. They are practically in the same interest now as the domestic cane and beet producers, to say nothing of any direct interest cane refiners may have in beet-sugar factories.

These gentlemen, Messrs. Willett & Gray, are known to this committee as standard authority on such questions, and their statement proves, at least to me, that nobody in the sugar industry wants to have commerce interfered with by the War Department, since commerce is constructive and war destructive, and none of us want the mixture commerce and war will produce. We fear it will be a sort of monster—a "Frankenstein."

Mr. CURTIS. What does he mean by that, that there is an understanding between the sugar producers that the cane producers will not interfere in the market west of the Mississippi River, and that the beet sugar producers will not interfere east of the Mississippi River. Is that what he means?

Mr. COLCOCK. As near as I can get at it he means that the American sugar trust, the company, committee, or trust—whatever you call

it, because they are all in a bunch—have some such understanding. Mr. Willett is snow-bound at his home in New Jersey, but I think I can get him here Saturday.

Rely upon it, gentlemen, you are going to hear from the commercial interests if you do this thing. When Cuban exports go to Europe and Cuban imports come thence in the same bottoms, Hill's constituency will be making more noise than a pig under a gate. I do not say this offensively, nor is it original with me. In the House of Representatives, March 31, 1806, ninety-nine years ago, John Randolph, of Roanoke, quoting Sir Robert Walpole's remarks made in 1721, one hundred and eighty-five years ago, said: "Country gentlemen, poor, meek souls, come up every year to be sheared, lying mute and patient while their fleeces are taken off, but if you touch a single bristle of commercial interest the whole styte is in an uproar." It is so to-day. You are going to touch a Connecticut bristle for sure, and her "idols will be found to have feet of clay," if this measure goes through. You will lose your trade with Cuba as sure as you are born.

In the bill already pending, into which it was attempted to inject this proviso for 50 per cent additional reduction, the commercial interests are hit, and I lose my guess if you do not hear from them before ever this project airs itself in the House.

Mr. BOUTELL. I drew this inference from your figures which, of course, may be inaccurate on account of the hurried statement that the cost of Philippine sugar, f. o. b., in Manila, plus the freight to New York, plus the full Dingley rate, would be less than the cost of Louisiana cane sugar of the same grade, plus the freight to New York?

Mr. DALZELL. That is what he said.

The CHAIRMAN. What did you state as to the cost of the sugar in the Philippine Islands?

Mr. COLCOCK. At present  $3\frac{1}{2}$  cents, delivered in United States markets.

The CHAIRMAN. No; the cost of sugar in the Philippine Islands—the cost of producing the sugar in the Philippine Islands.

Mr. COLCOCK. One and three-eighths cents, approximately, and liberally  $1\frac{1}{2}$  cents; so stated by the Bureau of Insular Affairs, War Department.

The CHAIRMAN. What does it sell at  $1\frac{1}{2}$  cents a pound in Manila for?

Mr. COLCOCK. Ask Secretary Taft about that when he comes up here to-morrow.

The CHAIRMAN. I am asking you, and not Secretary Taft. If it costs that much to produce it, why does it sell for  $1\frac{1}{2}$  cents in Manila?

Mr. COLCOCK. I do not know. I quote from public documents, to with, the monthly reports of the Bureau of Insular Affairs, War Department.

Mr. BOUTELL. What was your answer to the question a little bit ago?

Mr. COLCOCK. That was the inference that you drew from what you thought I said. I really said "with the present duty," which is 25 per cent off the Dingley bill.

Mr. BOUTELL. My inference was that even with the full duty it would still be less.

Mr. COLCOCK. Less than what?

Mr. BOUTELL. Than the cost of cane sugar plus the freight to New York.

Mr. COLCOCK. It is; but you must remember that they are producing sugar in those islands with wooden mills and exceedingly cheap labor. When they get improved mills, such as they have in Louisiana, it will be a different matter. Secretary Taft was in Louisiana the other day, and I can not find it here, and therefore can not say exactly what Secretary Taft said, but when he came away from that plantation he was under a very different impression from what he was when he went there.

Mr. BOUTELL. You can see the purport of my question, because if that inference is correct, there would now be competition with Philippine sugar.

Mr. COLCOCK. But they are only producing 160,000 tons of it.

I will now proceed.

I am asked by Colonel Hill to restate what I replied to the question about 3 cents a pound for Louisiana sugar. I remarked, "He (Colonel Hill) has not included in that what we know as 'fixed charges.'" He (Mr. Colcock) then informed Colonel Hill of that fact, and he (Colonel Hill) then, turning to the body, said that the result would be greatly different if these fixed charges were added to the 3-cent price. "I (Colonel Hill) said, or meant to say at the time, that that does not include the interest on the value of the land, or the wear and tear on equipment, or the loss of stock, or taxes. It includes the administration of the plantation."

Mr. BOUTELL. I suppose the cost of Philippine sugar would have to be modified in the same way.

Mr. COLCOCK. I do not know anything about what is said about Philippine sugar, except through the Bureau of Insular Affairs. Secretary Taft can tell you about that. We want to know what his information is as much as you do. Ask him about it to-morrow.

#### STATEMENT OF MR. C. N. SMITH.

Mr. SMITH. May I be permitted to make a statement to correct an impression? This is on a point made by the gentleman who last spoke.

The CHAIRMAN. I suppose so.

Mr. SMITH. The suggestion was made that what appeared to be stated as a division of territory between the eastern refiners and the western sugar producers at the Missouri River was the result of some agreement between the American Sugar Refining Company and the trust or the beet-sugar producers. I think that question was asked by Mr. Curtis, and the speaker apparently assented to that solution.

I think it is perfectly proper to say that the division, if there is any, is simply a natural geographical and freight division. It depends entirely upon the freight rates. In other words, the Michigan sugar manufacturers would ship their sugar anywhere in the United States where the freight rates would permit, and, so far as the sugar manufacturers go, there is absolutely no division of territory or agreement, but the disposition of the product is entirely dependent upon the geographical location of the producer and the freight rates.

Mr. WILLIAMS, of Mississippi. Why should that geographical line be one running north and south rather than one running east and west, then?

Mr. SMITH. The Missouri River is the dividing line for the trunk railroads in fixing freight rates. That is, they make a freight rate west as far as the Missouri River, and the dividing line is the Missouri River.

Mr. WILLIAMS, of Mississippi. Do the railroads make freight rates so that one of these companies sells all on one side and the other on the other side, and neither can intrude into the other's territory?

Mr. SMITH. That is the effect.

Mr. WILLIAMS, of Mississippi. Could that be done accidentally?

Mr. SMITH. It is the result. I do not know whether it is accidental or not, but it is the freight policy of all the companies. They make that the dividing line—the Missouri River. It is sometimes difficult to find out why they do it.

Mr. CURTIS. You could ship your Michigan sugar into Chicago?

Mr. SMITH. Yes, sir, of course. The Colorado factories have the benefit of the St. Louis rates. St. Louis is a Missouri River point, and the Colorado factories have the advantage of the St. Louis rate over the Eastern producers. We have never been able to put any sugar into St. Louis in competition with the Colorado factories.

Mr. CLARK. Are not Colorado and Chicago in different divisions, so far as this shipping is concerned?

Mr. SMITH. Yes, sir.

Mr. CLARK. Why should that be? One is about as far east as the other.

Mr. SMITH. Ask the Santa Fe Railroad. I do not know. Chicago is east of the Missouri River, which is the dividing line. They regard St. Louis, however, as on the river.

Mr. CLARK. St. Louis is 300 miles from the Missouri River—that is, where it runs north and south.

Mr. SMITH. Yes, sir; where it comes in there. "Any port in a storm" is satisfactory to these railroads.

Mr. CLARK. Sometimes you rather have a suspicion that they have more or less pretense somewhere?

Mr. SMITH. I am sorry to say that my suspicious tendencies have been developing for many years.

#### STATEMENT OF MR. W. S. HUMPHRIES.

The suggestion that I want to make is this, that circular, which the chairman just called attention to, shows that the New York price of refined sugar is below the Hamburg price. That is just exactly what hurts us. We are compelled to sell our finished product, which is refined sugar from the beet factory, at lower than the world's price, because of the cheap raw sugar coming from Cuba, that enables the refiners to get their raw sugar below the world's price for raw sugar. Therefore, we are met with the very proposition we contended against, that enables them to get cheap sugar from Cuba and to hammer the price of sugar below the world's price for refined sugar.

For instance, it establishes the world's price for our sugar in New York rather than in Hamburg, and we no longer have the Hamburg

price as the world's price; we have the New York price, as a result of the immense amount of sugar coming from Cuba into this country, and that hammers down the price of sugar.

Mr. WILLIAMS, of Mississippi. The refiners sell below the world's price in this country. Now, is that difference between the New York price and the Hamburg price any greater than the difference in freight would lead you to expect it to be?

Mr. HUMPHRIES. If refined sugar came from Hamburg, you would expect their refined sugar to be below New York price.

Mr. WILLIAMS, of Mississippi. I do not mean that. Is the difference between the prices of refined sugar in New York and Hamburg any greater than the difference between the freights from Cuba to New York and from Cuba to Hamburg?

Mr. HUMPHRIES. I do not know the rate from Cuba to Hamburg. I could not tell you that, but I would say that there is no such thing as shipping sugar from Cuba to Hamburg.

Mr. WILLIAMS, of Mississippi. I understand there is not. But there is the shipping of raw sugar from Cuba to New York, and the shipping of raw sugar from New York to Hamburg.

Mr. HUMPHRIES. Yes, sir.

Mr. WILLIAMS, of Mississippi. Now, you say that the difference is so much. Is that difference in price of refined sugar any greater than the difference in the freights?

Mr. HUMPHRIES. I think the gentleman is in error when he says there is any shipping from Cuba to Hamburg.

Mr. WILLIAMS, of Mississippi. I understand that Hamburg itself does not refine the sugar, but it goes to the places that do refine it, whence the report is made up and the Hamburg price is made up.

Mr. HUMPHRIES. Yes, sir.

Mr. WILLIAMS, of Mississippi. What duty, if any, does Great Britain put upon Cuban sugar?

Mr. HUMPHRIES. I am not aware that there is any. I could not answer that.

Mr. WILLIAMS, of Mississippi. That is what I thought. Now, is the price of refined sugar at New York any less than it is in London? I understand the London price is regulated by the Hamburg price. Is that true or not?

Mr. HUMPHRIES. I am not aware of that. I do not know anything about those figures.

Mr. WILLIAMS, of Mississippi. Now, if the price of refined sugar at New York is less than it is at London, it must be due to something else than the reduction of the tariff on sugar, because there is no tariff at all on the sugar that goes to London.

Mr. TAWNEY. The Hamburg price is the London price, and it is the world's price, as a matter of fact.

Mr. WILLIAMS, of Mississippi. I understand that, but it is the London price as well. I shifted the price from Hamburg to London so as to get to a place where there is no duty and to get the price there for the purpose of comparison with New York.

Mr. HUMPHRIES. I think if I could make myself plain the gentleman would understand me. It was stated at the time the treaty with Cuba was under consideration that the Cuban reduction would not hurt us. We were told that the world's price for sugar was fixed in

Hamburg, and that it would be impossible to have any discrimination against the American manufacturer by a price in New York, as the world's price was fixed in Hamburg; and that the influx of Cuban sugar into this country would not affect the selling price of the American manufacturer.

Mr. WILLIAMS, of Mississippi. Of course you understood that while the Hamburg price was the world's price, there would be fluctuations from one market to another? You did not expect it to be mathematically exactly the same all over the world at the same time?

Mr. HUMPHRIES. I had no reason to expect any other way.

Mr. WILLIAMS, of Mississippi. Did you not understand that to be an approximate equality, and not an equality for every day in the year, and every week in the month?

Mr. HUMPHRIES. I suppose that being so, the fluctuation of sugar in New York and the fluctuation of sugar in Hamburg would be the same. I did not suppose that the price would stay fixed every day, but I understood that Hamburg being the world's market and fixing the world's price, the fluctuations in New York would be governed by the fluctuations in Hamburg.

Mr. WILLIAMS, of Mississippi. Approximately, but not mathematically? You take Liverpool, which fixes the price of cotton, and sometimes there are local flurries that destroy the usual relations between New Orleans and New York and between New York and Liverpool.

Mr. HUMPHRIES. Yes, sir; but I would say to the gentleman that this little flurry that we have had between Hamburg and New York is no matter of a day or a few days. That is still with us and will continue, and it hammers down our price. It is not a little flurry that is in to-day and off to-morrow; it is continuous.

Mr. WILLIAMS, of Mississippi. You think that is continuous? If that is continuous, does it not justify one of the arguments for the reciprocity treaty, that it would decrease the price of sugar to the American consumer?

Mr. HUMPHRIES. Yes, sir.

Mr. WILLIAMS, of Mississippi. It seemed to me at that time that most of you who were opposed to the treaty argued that, although it would increase the price of sugar to the refiner, it would not increase the price of the refined product to the American consumer.

Mr. HUMPHRIES. I am glad that the gentleman has asked that question. Taking this whole question from the free trader's standpoint, all duties ought to be wiped off from all articles, and there should be no protection. I am approaching this from the standpoint of the protection theory. That is, the theory that we should protect our articles, and I am not looking at it from the standpoint of the free trader—one who looks alone to the consumer and not to the producer of wealth.

Mr. WILLIAMS, of Mississippi. I was not arguing from that standpoint. I was merely saying that I had not forgotten that you people opposed that duty, and on the ground that while it would increase the price of raw sugar, the power of the sugar trust would be so great that it would not decrease the price of the refined sugar to the people. Now, it has done it.

Now, whether it would be a good thing to reduce the price to the consumer or not you admit that that much of your prediction has not been verified?

Mr. HUMPHRIES. I think the argument before the committee at that time was that by making this cheap raw material to the manufacturer you would put a club in his hands by which he could refine and put upon the market such cheap sugar that he would drive out of business every manufacturer. I think this language was used by Mr. Havemeyer before a former committee, that where it took money to force his competitor out of the market by putting down the price of sugar he recouped himself after the competitor was destroyed by the increased price of the product. Our argument was that it would enable the refiners to put the sugar down to where our factories would be driven out of business.

Mr. WILLIAMS, of Mississippi. Have they been driven out of the business?

Mr. HUMPHRIES. Mr. Hill has explained to you very fully this morning the reason why they have not. It is not on account of any action taken by this committee; it is not on account of any action taken by Congress that we are not out of business, except the action taken by the committee with respect to the bounty-fed sugars of Europe and the under production. The world's production of sugar is 800,000 tons short this year of last year's production, and that has kept our price up, and that is all that has saved the industry.

Mr. WILLIAMS, of Mississippi. You think that local crop then is all that has kept the American refiners from being driven out of business?

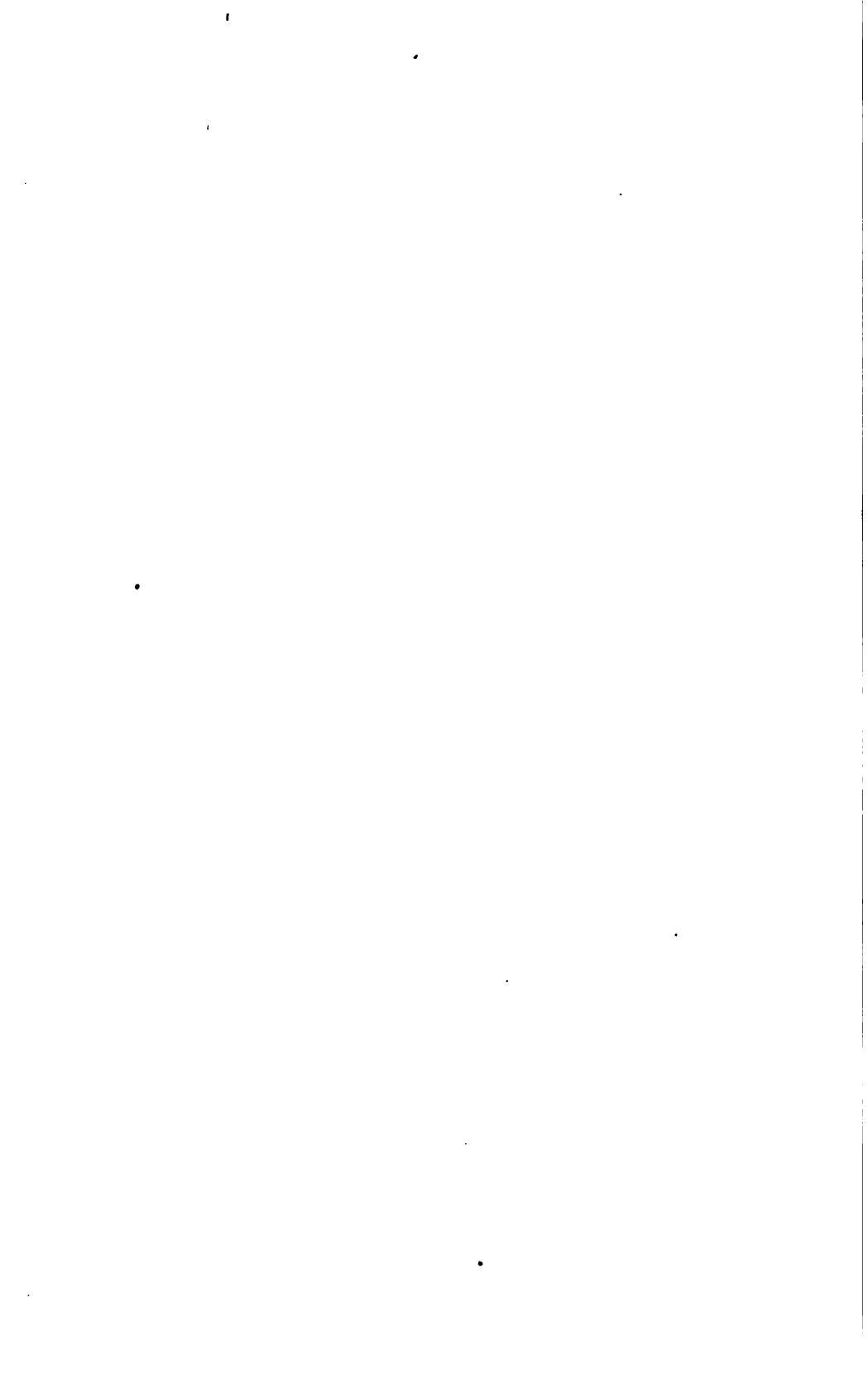
Mr. HUMPHRIES. Not that alone. By doing away with the cartel system I assume the price of sugar has been reduced, and also on account of an agreement between European manufacturers, that curtailed the production to 25 per cent less than the crop of the year before. A meeting was held between the Austrians, French, Germans, and Belgians and other leading manufacturers of Europe for that purpose.

The CHAIRMAN. All this has been explained in the hearings before. It is now 12 o'clock.

Mr. WILLIAMS, of Mississippi. That is all I wanted to ask.

Thereupon, at 12 o'clock m., the committee adjourned until to-morrow, Friday, January 27, 1905, at 10 o'clock a. m.





## DUTIES ON PHILIPPINE PRODUCTS.

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COMMITTEE ON WAYS AND MEANS,  
HOUSE OF REPRESENTATIVES,  
*Washington, D. C., January 27, 1905.*

The committee met at 2 o'clock p. m., Hon. Sereno E. Payne in the chair.

### STATEMENT OF COL. C. R. EDWARDS.

Colonel EDWARDS. Mr. Chairman, I am directed by the Secretary of War to present his apologies for not being present at 2 o'clock. He found that he had a previous engagement, of some three weeks' standing, which was important, and which would detain him; but it happens very opportunely that Colonel Colton, who has been collector of customs of the Philippine government at Iloilo, the port where about 97 per cent of all the sugar that is exported from the islands is shipped from, is present, and the Secretary of War desires you to hear him to-day. Incidentally we heard of his presence in New York yesterday, and by long-distance telephone summoned him here, and he has just arrived a few hours ago. He is the bearer of a petition to the Congress from the Sugar Growers' Association of Negros and of Panay. The Secretary of War has authorized him to take this means of presenting the petition as a very opportune one to the Congress of the United States, and also would like to have the committee listen to his comments.

Colonel Colton was a banker and a merchant in the United States, and went with the first troops that went to the Philippines as lieutenant-colonel of the First Nebraska Regiment. On account of his previous experience and training he was drafted into the civil part of the service there, and became deputy collector of customs for the whole of the Philippine Islands. He left the Army when the volunteers were mustered out. Some two or three years ago, at his own request, he was transferred as the collector of the port of Iloilo, and has been there, as far as I know, longer than any officer who originally went with the troops to the Philippines, without leave. This is his first leave, and I think he will have the information that is desired by the committee.

The Secretary of War has been much embarrassed on account of the nonarrival of two or three tobacco experts that we were advised by cable were en route, but the last word we could get from them was to the effect that they were sidetracked at some place near Cherbourg, France, and they may be here to-day. The Secretary himself will come up as soon as he may after this engagement—he hopes later in the afternoon—but anyhow, if you will give him the opportunity, to-morrow morning.

I think probably it would be pertinent, if not important, to submit to the committee, with a view of having the data printed with the other hearings, several statistical tables compiled from data published by the Bureau of Statistics, Department of Commerce and Labor, or collected by the statistical division of my Bureau or furnished by government bureaus in the Philippine Islands, which will be of possible use to the committee in the consideration of this measure. The first table I will submit will be on the consumption of sugar in the United States during the calendar years 1895 to 1904. They were only able in the last few days to complete the calendar year statistics for 1904, and therefore this is of use.

The table referred to is as follows:

*Consumption of sugar in the United States during the calendar years 1895-1904.*

[Data compiled from statistics published by Bureau of Statistics, Department of Commerce and Labor, and the last year from Willet & Grey's sugar bulletins.]

Calendar year—	Domestic product.				Foreign product.				Total consumption.
	Total.	Cane.	Beet.	All other.	Total.	Cane.	Beet.	All other.	
	<i>Tons.</i>	<i>Tons.</i>	<i>Tons.</i>	<i>Tons.</i>	<i>Tons.</i>	<i>Tons.</i>	<i>Tons.</i>	<i>Tons.</i>	<i>Tons.</i>
1895.....	377,306	324,506	30,000	22,800	1,572,438	(a)	(a)	(a)	1,949,744
1896.....	289,123	243,220	40,000	5,903	1,670,963	(a)	(a)	(a)	1,960,086
1897.....	355,371	310,537	39,684	5,150	1,716,607	1,021,684	616,635	77,288	2,070,978
1898.....	293,965	252,812	34,453	6,700	1,708,937	1,502,847	179,465	26,625	2,002,902
1899.....	233,426	160,400	62,826	10,200	1,844,642	1,565,764	272,943	5,955	2,078,068
1900.....	269,833	174,450	82,736	12,647	1,950,014	1,559,194	373,077	17,743	2,219,847
1901.....	<sup>a</sup> 815,335	<sup>b</sup> 667,499	124,859	22,977	1,556,981	1,297,180	217,286	42,515	2,372,316
1902.....	<sup>b</sup> 869,417	<sup>b</sup> 691,966	148,526	28,925	1,696,691	1,575,270	96,918	24,503	2,566,108
1903.....	<sup>b</sup> 1,010,877	<sup>b</sup> 736,639	247,563	26,675	1,538,766	1,525,107	9,028	4,681	2,549,643
1904.....	<sup>b</sup> 968,781	<sup>b</sup> 771,336	170,135	27,310	1,798,381	1,689,349	102,194	6,838	2,767,162
Total ..	5,483,434	.....	.....	.....	17,053,420	.....	.....	.....	22,536,854

<sup>a</sup> Figures not separately reported.

<sup>b</sup> Includes the following amounts of Hawaiian and Porto Rican sugar:

Hawaiian:	Tons.	Porto Rican:	Tons.
1901.....	309,070	1901.....	66,279
1902.....	311,139	1902.....	84,827
1903.....	357,850	1903.....	85,989
1904.....	330,745	1904.....	116,942

The next table gives the importations of sugar into the United States during the calendar years 1895 to 1904:

*Importations of sugar into the United States during the calendar years 1895 to 1904.*

[Data compiled from official returns of the Department of Commerce and Labor.]

Calendar year—	Sugar not above No. 16 Dutch standard.		All other.	Total.
	Cane.	Beet.		
	<i>Tons.</i>	<i>Tons.</i>	<i>Tons.</i>	<i>Tons.</i>
1895.....	1,466,448	90,896	40,792	1,598,136
1896.....	1,271,634	474,282	58,100	1,834,016
1897.....	1,134,548	613,049	83,301	1,830,898
1898.....	1,308,289	187,045	34,692	1,530,026
1899.....	1,685,420	264,448	14,306	1,964,174
1900.....	1,183,766	468,666	24,813	1,677,245
1901.....	1,385,888	216,225	55,124	1,657,237
1902.....	1,574,942	104,352	32,213	1,711,507
1903.....	1,468,985	8,940	8,179	1,486,104
1904.....	1,736,479	100,541	10,015	1,847,035
Total.....	14,216,399	2,528,444	391,535	17,136,378

The next shows the importations into the United States of cane sugar not above No. 16 Dutch standard during the calendar years 1895 to 1904, showing the countries from whence it came. This sets forth in detail the imports from Cuba, the British West Indies and other West Indies, and also Hawaii, and the East Indies, the country adjacent to the Philippines.

The table referred to is as follows:

*Importations into the United States of cane sugar not above No. 16 Dutch standard during the calendar years 1895 to 1904, showing the countries from whence it came.*

[Data compiled from official returns of the Department of Commerce and Labor.]

Calendar year—	From West Indies.			From East Indies.	From Hawaii.	From Philippine Islands.	From South America.	From other countries.	Total.
	Cuba.	British.	Other. <sup>a</sup>						
	Tons.	Tons.	Tons.	Tons.	Tons.	Tons.	Tons.	Tons.	Tons.
1895 .....	843, 219	72, 057	72, 868	153, 700	129, 562	38, 196	128, 152	28, 694	1, 466, 448
1896 .....	187, 766	112, 840	155, 574	310, 695	195, 929	56, 703	167, 166	84, 961	1, 271, 634
1897 .....	215, 013	120, 465	88, 749	239, 387	224, 055	16, 640	154, 890	75, 349	1, 134, 548
1898 .....	261, 217	118, 816	99, 649	370, 830	194, 927	27, 325	174, 351	61, 174	1, 308, 289
1899 .....	806, 959	110, 559	123, 657	663, 152	248, 761	22, 856	120, 443	89, 533	1, 685, 420
1900 .....	291, 201	89, 345	77, 981	380, 030	699, 329	5, 095	184, 105	56, 680	1, 183, 766
1901 .....	581, 634	108, 227	57, 486	306, 552	.....	5, 100	288, 225	38, 664	1, 385, 888
1902 .....	798, 173	92, 356	64, 097	331, 130	.....	2, 429	251, 521	35, 236	1, 574, 942
1903 .....	890, 316	72, 461	64, 021	262, 190	.....	29, 173	131, 877	18, 947	1, 468, 985
1904 .....	1, 151, 345	36, 125	50, 448	412, 470	.....	21, 891	58, 823	5, 377	1, 736, 479
Total ..	5, 526, 843	933, 251	854, 530	3, 430, 136	1, 092, 563	224, 908	1, 659, 553	494, 615	14, 216, 399

NOTE.—After June 30, 1900, importations from Hawaii and Porto Rico are not included in the foreign trade of the United States.

<sup>a</sup> Imports from Porto Rico, 1895 to 1904, averaged 28,000 tons annually.

<sup>b</sup> Six months, January to June 30, 1900.

The next table shows comparatively the exportations of sugar from the Philippine Islands during the calendar years 1865 to 1904 to the United States, to other countries, and the total exports.

The figures pertaining to Spanish administration were compiled from Spanish commercial statistics published from year to year by the Spanish Government. Those for the years of American administration are according to returns of the present customs service at Manila, published in the Monthly Summary of Commerce of the Philippine Islands by the Bureau of Insular Affairs, War Department.

*Exportations of sugar from the Philippine Islands during the calendar years 1865–1904.*

[Data for years 1865 to 1894 compiled from official returns of the Spanish Government; for 1895 to 1899 from official returns of the United States Agricultural Department; for 1899 to 1904 from official returns of the Insular Bureau.]

Calendar year—	Exported to United States.	Exported to other countries.	Total.
	Tons.	Tons.	Tons.
1865 .....	12, 492	42, 685	55, 177
1866 .....	13, 599	41, 237	54, 836
1867 .....	11, 268	53, 292	64, 560
1868 .....	14, 354	59, 727	74, 081
1869 .....	29, 044	39, 765	68, 809
1870 .....	23, 140	55, 073	78, 213
1871 .....	40, 361	47, 104	87, 465
1872 .....	32, 219	63, 307	95, 526
1873 .....	35, 821	53, 516	89, 337
1874 .....	51, 216	52, 645	103, 861
1865–1874 .....	263, 514	508, 351	771, 865

*Exportations of sugar from the Philippine Islands, etc.—Continued.*

Calendar year—	Exported to United States.	Exported to other countries.	Total.
	<i>Tons.</i>	<i>Tons.</i>	<i>Tons.</i>
1875.....	53,549	72,650	126,199
1876.....	78,533	51,898	130,431
1877.....	64,692	58,094	122,786
1878.....	63,902	54,031	117,933
1879.....	56,076	78,729	134,805
1880.....	100,460	77,495	177,955
1881.....	77,649	127,428	205,077
1882.....	77,573	70,163	147,736
1883.....	125,170	68,149	193,319
1884.....	83,652	36,295	119,947
1875-1884.....	781,256	694,982	1,476,188
1885.....	132,641	67,985	200,576
1886.....	115,058	66,579	181,637
1887.....	109,451	58,254	167,705
1888.....	82,224	75,889	158,113
1889.....	123,517	100,872	224,389
1890.....	33,515	108,740	142,255
1891.....	46,091	89,658	135,749
1892.....	45,160	208,124	248,284
1893.....	9,912	246,940	256,852
1894.....	11,256	196,629	206,885
1885-1894.....	708,825	1,213,620	1,922,445
1895.....	59,615	171,308	230,923
1896.....	98,624	131,289	229,913
1897.....	24,353	177,740	202,093
1898.....	27,997	149,698	177,695
1899.....	21,542	62,929	84,471
1900.....	2,120	62,041	64,161
1901.....	5,143	50,831	55,974
1902.....	5,039	91,999	97,038
1903.....	28,852	56,108	83,960
1904 <sup>a</sup> .....	25,489	56,554	82,043
1895-1904.....	298,774	1,009,497	1,308,271
1865-1904.....	2,052,369	3,426,400	5,478,769

<sup>a</sup> Ten months ending October 31, 1904.

Table 5 shows the rates of duty on Philippine sugar imported into the United States under the present tariff. That was obtained from the Bureau of Statistics to-day.

The table referred to is as follows:

*Rates of duty on Philippine sugar imported into the United States under present tariff.*

PAR. 209. Sugar, Dutch standard in color, not above No. 16, testing by the polariscope, as follows:

Cane:	Regular rate.
(a) Not above 80 degrees .....	cents per pound.. 1.125
(b) Not above 84 degrees .....	do..... 1.265
(c) Not above 86 degrees .....	do..... 1.335
(d) Not above 87 degrees .....	do..... 1.37

All sugar from the Philippines reported by United States customs-houses during the fiscal year 1904 came within one of the four grades mentioned above.

Statement showing the amount and grade of sugar imported into the United States from the Philippine Islands during the fiscal year 1904, rate of duty collected under the present 75 per cent rate, and duty that would be imposed on the same grades of sugar under the proposed 25 per cent rate.

[According to Bureau of Statistics, Department of Commerce and Labor.]

	Amount imported.	Rate of duty collected (75 per cent) per pound.	Rate of duty per pound, proposed 25 per cent rate.
	<i>Pounds.</i>	<i>Cents.</i>	<i>Cents.</i>
(a) Not above 80 degrees.....	13,354,145	0.84375	0.28125
(b) Not above 84 degrees.....	16,374,062	.94875	.31625
(c) Not above 86 degrees.....	4,153,466	1.00125	.33375
(d) Not above 87 degrees.....	13,148,231	1.0275	.3425
Total .....	47,029,904		

The next exhibit is a chart, which I think is already in evidence, having been offered by the gentlemen presenting the opposition to the sugar schedule, but I will submit it, anyway. It shows the value of sugar exported from the Philippine Islands during the American occupation.

The CHAIRMAN. I do not think that has been printed. If it has, all right; but if otherwise, it will go into the record. The clerk of the committee says that it has not been printed.

Colonel EDWARDS. The next tables show the cane-sugar and beet-sugar production in the United States:

*Cane-sugar production in the United States.*

[Statistical Abstract, 1903.]

	Tons.		Tons.
1892-93.....	206,816	1899-1900.....	149,191
1893-94.....	272,913	1900-1901.....	273,229
1894-95.....	325,621	1901-2.....	310,614
1895-96.....	242,693	1902-3.....	293,397
1896-97.....	287,578	1903-4 <sup>a</sup> .....	215,000
1897-98.....	316,183	1904-5 <sup>a</sup> .....	330,000
1898-99.....	248,954		

*Beet-sugar production in the United States.*

[Statistical Sugar Trade Journal, December 29, 1904.]

Campaign year—	Tons.	Campaign year—	Tons.
1892-93.....	12,018	1899-1900.....	72,944
1893-94.....	19,550	1900-1901.....	76,859
1894-95.....	20,092	1901-2.....	163,126
1895-96.....	29,220	1902-3.....	195,463
1896-97.....	37,536	1903-4.....	208,135
1897-98.....	40,399	1904-5.....	209,000
1898-99.....	32,471		

The next is a table showing the sugar imported into the United States from Cuba:

*Sugar imported into the United States from Cuba.*

[Statistical abstracts, 1903, and United States summary, June, 1904.]

Fiscal year—	Tons.	Fiscal year—	Tons.
1895.....	824,001	1900.....	314,936
1896.....	488,023	1901.....	490,806
1897.....	257,259	1902.....	439,382
1898.....	196,529	1903.....	1,069,611
1899.....	296,225	1904.....	1,232,545

<sup>a</sup>Statistical Sugar Trade Journal, January 5, 1905.

Then here is a little tabulation which may be of use on the import duties charged by foreign countries on Philippine countries on Philippine sugar, giving the countries where the bulk of it goes—China and Japan.

The CHAIRMAN. I wish you would give us what the duties are there.  
Mr. EDWARDS. The table is as follows:

*Import duties charged by foreign countries on Philippine sugar.*

[The bulk of Philippine sugar exported to foreign countries is credited to Hongkong, Japan, and China. Hongkong is chiefly a port of transshipment. The import duties levied on sugar by Japan and China are given below.]

Japan:

Sugar up to No. 15, exclusive, Dutch standard <sup>a</sup> .....	per 100 pounds..	\$0. 125
Sugar, refined, from No. 15 to No. 20, Dutch standard.....	do.....	.58
Sugar, refined, above No. 20, Dutch standard.....	do.....	.61

China:

Sugar, brown, up to No. 10 Dutch standard.....	do.....	.10
Sugar, white, No. 10 Dutch standard and over, including cube and refined, per 100 lbs.....	do.....	.13

Spain:

On sugar from foreign countries.....	per 100 lbs..	7. 45
On sugar from colonial possessions.....	do.....	2. 94

(Payable in paper currency—subject to wide fluctuation.)

The CHAIRMAN. I do not care so much about those other things. I think they are already in. I simply wanted to call the attention of the committee now to the duty that you have just mentioned. If some member wants to read the others, all right.

Mr. EDWARDS. The next is a table showing the consumption of sugar in the United States during the calendar years 1879 to 1904. It takes in data up to this date.

*Consumption of sugar in the United States during the calendar years 1879-1904.*

[Data compiled from official returns of the Department of Commerce and Labor.]

Calendar year—	Total consumption.	Domestic product.	Deficit (importations).	Per capita consumption.
	<i>Tons.</i>	<i>Tons.</i>	<i>Tons.</i>	<i>Pounds.</i>
1879.....	831,896	168,700	663,196	38.1
1880.....	956,784	151,739	805,045	42.7
1881.....	1,012,206	176,945	835,261	44.2
1882.....	1,134,994	161,274	973,720	48.4
1883.....	1,224,011	202,055	1,021,956	51.1
1884.....	1,309,383	211,293	1,098,090	53.4
1885.....	1,298,380	176,085	1,122,295	51.8
1886.....	1,459,280	226,525	1,232,755	56.9
1887.....	1,381,714	167,923	1,213,791	52.7
1888.....	1,519,283	248,654	1,270,629	56.7
1889.....	1,416,474	222,713	1,193,761	51.8
1890.....	1,476,377	219,085	1,257,292	52.8
1891.....	1,888,851	274,271	1,614,580	66.3
1892.....	1,853,370	256,064	1,597,306	63.8
1893.....	1,906,758	282,886	1,623,872	64.4
1894.....	2,012,714	312,079	1,700,635	66.7
1895.....	1,949,744	377,306	1,572,438	63.4
1896.....	1,990,086	289,123	1,670,963	62.5
1897.....	2,070,978	355,371	1,715,607	64.8
1898.....	2,002,902	230,965	1,769,937	61.5
1899.....	2,078,068	233,426	1,844,642	62.6
1900.....	2,219,847	269,833	1,950,014	65.2
1901.....	2,372,316	6815,335	1,566,981	68.7
1902.....	2,596,108	b 869,417	1,696,691	72.8
1903.....	2,649,643	b 1,010,877	1,538,766	71.1
1904.....	2,787,162	b 968,781	1,798,381	.....

<sup>a</sup> A war tax of an additional 25 per cent on this grade of sugar is included in the above figures.

<sup>b</sup> Includes Hawaiian and Porto Rican sugar.

Here is a table which is a record of the separate tariff fund, made up of collections in the United States under section 4 of the act of March 8, 1902. In other words, I give the duties, the tonnage, and the totals of this amount, and by months; that is, as it has been collected in the United States and turned over to the United States Treasury as a separate fund, and then by them transferred on demand of the Philippine government to their treasury.

*Separate tariff fund, made up of collections in the United States under section 4, act of March 8, 1902.*

	Duties.	Tonnage.	Total.
1902:			
April to June <sup>a</sup> .....	\$8,663.80	\$364.82	\$9,027.62
July to September .....	5,699.45	456.00	6,155.45
October to December .....	57,682.00	353.22	58,035.22
1903:			
January to March .....	126,988.65	822.42	127,811.07
April to June .....	11,351.07	343.56	11,694.63
Fiscal year, 1903 .....	201,721.17	1,975.20	203,696.37
1903:			
July to September .....	185,394.30	950.58	186,344.88
October to December .....	296,264.14	953.04	297,217.18
1904:			
January to March .....	11,424.84	630.06	12,054.90
April to June .....	13,544.85	.....	13,544.85
Fiscal year, 1904 .....	506,628.13	2,533.68	509,161.81
1904:			
July .....	2,131.30	6.23	2,137.53
August .....	2,481.61	14.39	2,496.00
September .....	140,263.15	319.16	140,582.31
October .....	93,559.07	117.48	93,676.55
November .....	205,347.69	172.96	205,520.65
December .....	8,743.98	83.47	3,827.45
Total, six months .....	447,526.80	713.69	448,240.49
Total, March, 1902, to December 31, 1904 .....	1,164,539.40	5,586.89	1,170,126.29

<sup>a</sup>Includes March, 1902, figures.

On this same table I have made a comment upon the refundable export duties allowed under this same act, which really covers only hemp, and I have taken this from the report of the Philippine Commission as the last authentic report, and it reads as follows:

#### REFUNDABLE EXPORT DUTIES.

We desire to call attention to the injustice effected upon the revenues of the islands by section 2 of the act of Congress approved March 8, 1902, which provides that the Philippine government shall refund all export duties imposed upon articles exported from the islands into and consumed in the United States. Under the provisions of this section there has been collected in the Philippine Islands since its enactment down to the close of the fiscal year 1904 the sum of \$1,060,460.20 United States currency, which is refundable. These refundable duties are principally upon hemp exportations to the United States, and are in effect a gift of that amount to the manufacturers of the United States who use hemp in their operations, and whether so intended or not it is manifestly a discrimination in favor of our manufacturers as against those of foreign countries. No good reason is perceived why this bounty to American manufacturers should be extracted from the treasury of the Philippine Islands, and it is respectfully submitted that the law authorizing it should be repealed.

The Secretary of War would make no such recommendation as that except merely to call the attention of the committee to the fact that



when the last comparison was made at the date of my annual report of the Insular Bureau there were some \$350,000 more surrendered by the Philippine government than the Philippine Island government got back under that special provision allowing the moneys collected on the Philippine products in the United States to be returned to the Philippine Islands. In other words, it was a gift of that amount.

I have some charts here which I had made, which I do not think it is possible to have comprehended in the record, but I think they would probably be of interest to the committee. I have taken the years from 1895 to 1903 and have given the consumption of beet and cane sugar in the United States during the calendar year, and the foreign products, and the domestic products, the importation of Philippine sugar into the United States, and the exportations from the Philippine Islands to all countries, and shown this physically in a chart.

The CHAIRMAN. Those you wish to file for the use of the committee?

Mr. EDWARDS. They are for you gentlemen of the committee. I think that table of 1903, showing the amount of the foreign importation outside of all sources of supply as a part of the territory of the United States, and including all from the Philippine Islands, would be worth while printing if it were feasible; but I doubt if it is, because the chart is in two or three colors. I also have had prepared in my office a chart showing the total importation of beet and cane sugar into the United States as compared with imports from the Philippine Islands and total exports from the Philippine Islands, and incidentally shown the United States production of beet and cane sugar, and the rise due to the acquisition of Hawaii and Porto Rico, and also the Hawaiian and Porto Rican sugar shipments into the United States. I file this for the use of the committee. I do not think that it is feasible to print it.

Not anticipating that Colonel Colton would be present, and on account of some inquiries I heard made by certain members of the committee, I have resorted to the cable since the hearings commenced to gain this information, and I think, therefore, it should be given to the committee. On January 19 the Secretary of War cabled to the civil governor as follows:

[Cable sent January 19.]

Cable full details as possible concerning wages \* \* \* and also workmen sugar factories, workmen island of Negros, supply of labor \* \* \* in the island of Negros and sugar-producing provinces; also necessity for importing labor from Panay, Bohol, into Negros and wages paid.

The answer came on the 21st, two days afterwards, as follows:

[Cable received January 21.]

There is no probability of large increase in Negros. Common day laborers on sugar plantations receive 40 centavos and two meals per day. During the time cutting, hauling cane, receive 50 per cent more. Common laborers inside of mills receive 2 to 2½ pesos per week and three meals per day. Sugar makers 1 to 2 pesos per day.

Oriental, Occidental Negros, have enough resident laborers for preparing and planting crops, but need double that number during milling season, which lasts about six months.

Oriental Negros draws its extra supply of labor from Cebu and Bohol; Occidental Negros from Iloilo, Antique, Capiz, and adjacent islands. This source unsatisfactory and unreliable. Crops this year in Negros about one-half highest yield prior to revolution. While conditions are slowly improving, it is hardly probable former production will again be reached for several years, on account of the scarcity of draft animals, lack of labor, and other causes.

Mr. WATSON. How much is a centavo?

Colonel EDWARDS. It is half of our cent. In all these statements you can just divide by two to get the values in gold.

Mr. WATSON. They get 20 cents a day, then, and two meals?

Colonel EDWARDS. Yes, sir. Some gentlemen of the committee asked the question, What are the average interisland freight rates to shipping points? The following cablegram was sent to get that information:

[Cablegram sent January 23.]

What are the average interisland sugar freight rates to shipping points; for instance, Manila, Iloilo, Cebu, as well as exporters' prices sugar at these points? What are the average through freight rates San Francisco and New York? Also tobacco? Rush answer by cable.

On the 25th the following cablegram was received in reply:

[Cablegram received January 25.]

With reference to your telegram of 23d, average interisland sugar freight rates to shipping points are .25 pesos (\$0.1250) a picul (137½ pounds); cost of placing sugar at original shipping point and handling at the port of exportation probably one-half peso additional. Exporters' prices at shipping points approximately 7 pesos (\$3.50) a picul (137½ pounds). Through freight rates New York average 10½ pesos ton. Nominal rate San Francisco 10; none shipped that route.

Mr. WILLIAMS. In that connection, just one more question. You spoke of the two or three meals per day. Do you know what those meals consist of that are furnished to the laborers?

Colonel EDWARDS. The principal component is rice, and the second component is fish. From analogy of the experience of the Manila Tramway Company, which is just completing that large tramway, I should judge that the very least cost would be 5 cents a meal, because they have adopted the unusual expedient of furnishing to their laborers, right in their working parties on the track, a lunch every day. They figure that that lunch is a good investment. It not only puts additional fuel into them and makes them satisfied, but its cost is only, as the manager told me the other day, a little over 5 cents a meal, that is, when they buy the material in large quantities and serve it in that way.

Mr. WILLIAMS. They have to buy the material by retail?

Colonel EDWARDS. They buy it by wholesale, I assume. This is a large corporation, working several thousand laborers, and they get it down to a smaller cost than one generally could.

Mr. WILLIAMS. It would probably cost 20 per cent more, or 6 cents, if they had to buy the components by retail?

Colonel EDWARDS. Probably; yes, sir.

Mr. WILLIAMS. These freight rates that you speak of, were they for cargo lots?

Colonel EDWARDS. Yes, sir.

Mr. WATSON. When you say 5 cents a meal, you mean 5 cents in their silver?

Colonel EDWARDS. No, sir; 5 cents, gold.

Mr. WATSON. Gold?

Colonel EDWARDS. Yes, sir. We always use the word "pesos" there to denote silver, and a "centavo" signifies their money, but when we use the word "cents" it refers to United States cents.

Mr. WILLIAMS. There are no shipments in American bottoms?

Colonel EDWARDS. Not as a rule. Under that act of Congress which confines the Philippine commerce to American bottoms, commencing July 1, 1906, the Philippines were exempted until that date. I say exempted because the supplies shipped to the Army and Navy of the United States were by another act of Congress immediately consigned to American bottoms, but none, as I understand, have been shipped from New York because there was no shipping available.

Mr. WILLIAMS. When that act goes into effect, freight rates will be probably, for a time at least, higher?

Colonel EDWARDS. We feel so, especially through Atlantic ports, unless they lay down American bottoms enough right off to carry the traffic.

Mr. NEEDHAM. Is that freight rate long tons or short tons?

Colonel EDWARDS. I understand it is in long tons.

Mr. WILLIAMS, of Mississippi. Before you leave this subject, I would like to read a telegram which I have just this moment received, which is to this effect:

NEW YORK, January 26, 1905.

D. D. COLCOCK,

*Care New York Herald, 734 Fifteenth street, Washington, D. C.*

On Philippine sugars in American bottoms to New York or San Francisco fair rates freight, five dollars; insurance, one dollar eighty cents per ton net.

WILLETT & GRAY.

Does your opinion accord with that?

Colonel EDWARDS. Yes, sir. I think these figures from General Wright in his cablegram will be very conservative. The contract that my bureau has with the freight lines running out of New York, for general merchandise, I understand is the lowest given any department of the Government and that is \$6.15, if I properly recollect it, per ton—no; \$6.30 a ton—going to the Philippines. That is on the character of stuff, the supplies of all kinds, of the Government. I have especially advantageous insurance rates, I think, of about 80 cents per hundred pounds, free of special averages, and a virtual guarantee of safe arrival, but I understand that the best insurance that merchants and private parties have been able to get is something like \$1.20 for the same conditions.

The CHAIRMAN. How much?

Colonel EDWARDS. \$1.20 per hundred dollars. I am told that they make a special concession to the Philippine government.

Mr. WATSON. Is the insurance rate based on the weight?

Colonel EDWARDS. It is so much per hundred dollars in value.

Mr. WILLIAMS, of Mississippi. That telegram says "So much per hundred pounds." I suppose he reduced the money to a ton at present prices of sugar.

Mr. WATSON. Yes, sir.

Colonel EDWARDS. I will submit these tables for the use of the committee in the hearings concerning tobacco. The first is a table on the importation of tobacco into the United States during the calendar years 1895-1904. We have been able to complete this just within the last few days.

The table referred to is as follows:

*Importations of tobacco into the United States during the calendar years 1895-1904.*

[Data compiled from official returns of the Department of Commerce and Labor.]

Calendar Year.	Leaf tobacco imported.						Cigars, cigarettes, and all other manufac- tured tobacco.	Total importa- tions.
	Suitable for wrappers.		Other purposes.		Total.			
	Quantity.	Value.	Quantity.	Value.	Quantity.	Value.		
	<i>Pounds.</i>		<i>Pounds.</i>		<i>Pounds.</i>			
1895 .....	4,630,678	\$5,570,471	26,725,221	\$9,655,449	31,355,899	\$15,225,920	\$2,124,581	\$17,350,501
1896 .....	4,022,653	3,659,351	16,236,051	6,838,250	20,258,704	10,497,601	2,139,194	12,636,795
1897 .....	4,977,475	4,856,041	7,871,268	4,216,427	12,848,743	9,072,468	1,930,783	11,003,251
1898 .....	5,064,997	5,081,359	6,242,833	3,498,803	11,307,830	8,580,162	1,790,749	10,370,911
1899 .....	4,158,076	4,293,574	13,119,909	7,495,965	17,277,985	11,789,539	2,340,124	14,129,663
1900 .....	6,440,102	5,562,842	16,752,003	9,805,056	23,192,105	14,867,897	2,385,854	17,253,751
1901 .....	6,259,994	5,831,954	21,757,556	10,358,572	28,017,550	16,190,526	2,589,903	18,780,429
1902 .....	5,648,498	4,672,936	26,543,714	11,548,480	32,192,212	16,221,416	2,694,632	18,916,048
1903 .....	6,846,525	5,069,838	26,151,398	12,202,844	32,997,323	17,272,682	3,142,051	20,414,733
1904 .....	7,008,253	5,156,212	23,594,053	11,502,011	30,602,306	16,658,223	3,945,677	20,603,900
Total.	55,057,261	49,754,578	184,994,006	86,621,856	240,051,257	136,376,434	25,083,548	161,459,982

The next is a table on the exportations of tobacco from the United States during the calendar years 1895 to 1904.

The table referred to is as follows:

*Exportations of tobacco from the United States during the calendar years 1895 to 1904.*

[Data compiled from official returns of the Department of Commerce and Labor.]

Calendar year—	Foreign product.			Domestic product.			Total ex- portations.
	Leaf.		Cigars, cig- arettes, and all other manufac- tured to- bacco.	Leaf.		Cigars, cig- arettes, and all other manufac- tured to- bacco.	
	Quantity.	Value.		Quantity.	Value.		
	<i>Pounds.</i>			<i>Pounds.</i>			
1895.....	3,060,385	\$2,392,348	\$25,917	293,637,217	\$24,707,563	\$4,162,288	\$31,288,116
1896.....	2,767,454	1,866,106	30,455	300,047,687	24,052,332	4,746,995	30,695,888
1897.....	1,779,103	1,142,497	36,792	281,074,422	22,790,150	4,966,764	28,936,203
1898.....	2,323,516	1,530,432	16,868	269,966,833	23,796,869	5,135,464	30,479,633
1899.....	1,847,637	1,063,018	25,917	346,823,677	29,985,742	5,200,628	36,275,305
1900.....	1,814,327	995,860	71,421	305,033,235	26,886,372	5,738,167	33,691,820
1901.....	2,075,481	1,297,586	37,195	308,743,593	26,861,132	5,377,189	33,573,102
1902.....	3,118,965	1,580,138	35,526	364,069,340	34,640,515	5,523,234	41,779,413
1903.....	4,684,477	1,803,206	20,469	316,325,914	29,770,009	5,204,407	36,798,091
1904.....	4,609,518	1,950,271	41,082	349,331,687	31,540,723	5,325,903	38,857,979
Total .....		15,621,462	341,642		275,031,407	51,381,039	342,375,550

The third table is one on Philippine tobacco exports to all countries and its relation to the total imports of tobacco in the United States ports during the calendar years 1899 to 1904.

The table referred to is as follows:

*Philippine tobacco exports to all countries and its relation to the total imports of tobacco at United States ports during the calendar years 1899-1904.*

[Data as to Philippine exports compiled from official returns of the Bureau of Insular Affairs. Data as to United States imports compiled from official returns of the Department of Commerce and Labor.]

Calendar year—	Cigars, cigarettes, etc.		Leaf tobacco.				Total.	
	Philippine exports.	United States imports.	Philippine exports.		United States imports.		Philippine exports.	United States imports.
			Quantity.	Value.	Quantity.	Value.		
			<i>Pounds.</i>		<i>Pounds.</i>			
1899 .....	\$1,154,412	\$2,340,124	14,050,310	\$776,841	17,277,985	\$11,789,539	\$1,931,253	\$14,129,663
1900 .....	1,227,332	2,385,854	22,028,546	1,033,900	23,192,105	14,867,897	2,261,232	17,253,751
1901 .....	1,883,456	2,589,903	17,391,595	748,485	28,017,550	16,190,526	2,631,941	18,780,429
1902 .....	1,007,458	2,694,632	20,196,283	955,166	32,192,212	16,221,416	1,962,624	18,916,048
1903 .....	992,616	3,142,051	19,249,094	954,259	32,997,923	17,272,682	1,946,875	20,414,733
1904 .....	873,387	3,945,677	16,443,430	861,073	30,602,306	16,658,223	1,734,460	20,603,900
Total.	7,138,661	17,098,241	.....	5,329,724	.....	93,000,283	12,468,385	110,098,524

« Ten months ending October 31, 1904.

Colonel EDWARDS. The value that they give in that table is \$20,603,900. The tobacco interests that have been represented here came to the conclusion that the price of tobacco in Manila was 5 cents a pound, practically from these figures and dividing the number of pounds into the value they got 5 cents. It would not seem that there was any premium upon undervaluations of tobacco shipped to the United States, because the duty is specific as an export duty in the Philippines, you know, but by recent cablegrams, which I will read to the committee, they seem to think that there has been an undervaluation. I will show it by these cablegrams.

Table No. 4 is on exportations of tobacco from the Philippine Islands during the calendar years 1880-1903.

The table referred to is as follows:

*Exportations of tobacco from the Philippine Islands during the calendar years 1880 to 1904, showing shipments to the United States as compared with the total exports of tobacco from the islands.*

[Data for years 1880-1894 compiled from official returns of the Spanish Government, as contained in the publication "Estadística General del Comercio Exterior de las Islas Filipinas." Data for years 1899-1904 compiled from official returns of the Insular Bureau.]

Calendar year—	Leaf tobacco.				Cigars, cigarettes, etc.		Total.	
	United States.		Total.		United States.	Total.	United States.	Exports.
	Quantity.	Value.	Quantity.	Value.				
	<i>Pounds.</i>		<i>Pounds.</i>					
1880 .....	4	\$23	915,453	\$331,536	\$960,091	\$1,897,042	\$960,114	\$2,228,578
1881 .....	132	2,003	3,329,007	594,141	14,935	123,132	16,938	717,273
1882 .....	110	17	12,448,953	1,958,928	478	387,909	495	2,346,837
1883 .....	1,619	448	7,405,506	1,240,429	2,350	1,343,958	2,798	2,584,387
1884 .....	.....	.....	2,742,234	482,736	4,289	1,104,192	4,289	1,586,928
1885 .....	33	3	12,829,034	1,288,955	2,092	1,008,403	2,095	2,297,358
1886 .....	101	53	11,218,280	759,931	1,004	1,250,162	1,057	2,010,093
1887 .....	565	108	9,435,895	640,699	17,343	918,371	17,451	1,559,070
1888 .....	70	31	21,431,632	1,340,314	10,115	1,108,911	10,146	2,449,225
1889 .....	2,132	207	20,105,054	1,404,754	17,559	850,740	17,766	2,255,494

*Exportations of tobacco from the Philippine Islands during the calendar years 1880 to 1904, showing shipments to the United States, etc.—Continued.*

Calendar year—	Leaf tobacco.				Cigars, cigarettes, etc.		Total.	
	United States.		Total.					
	Quantity.	Value.	Quantity.	Value.	United States.	Total.	United States.	Exports.
	<i>Pounds.</i>		<i>Pounds.</i>					
1890.....	5,300	\$247	19,403,096	\$1,320,752	\$5,594	\$1,148,281	\$5,841	\$2,469,033
1891.....			19,950,300	1,258,748	2,811	891,863	2,811	2,150,306
1892.....	2,226	150	26,700,014	1,554,264	405	981,476	556	2,535,740
1893.....	1,417	98	23,638,105	1,463,853	2,211	969,451	2,309	2,433,304
1894.....			15,442,057	702,922	1,018	873,258	1,018	1,576,175
1895 <i>a</i> .....								
1896 <i>a</i> .....								
1897 <i>a</i> .....								
1898 <i>a</i> .....								
1899.....			14,050,310	776,841	3,405	1,154,412	3,405	1,931,253
1900.....	110	7	22,028,546	1,033,900	5,662	1,227,332	5,669	2,261,232
1901.....			17,391,595	748,485	984	1,888,456	984	2,631,941
1902.....	235,420	41,538	20,196,283	955,166	11,000	1,007,458	52,544	1,962,624
1903.....	9,158	790	19,249,094	954,259	1,903	992,616	2,693	1,946,875
1904 <i>b</i> .....			16,443,430	861,073	878	873,387	878	1,734,460
Annual average:								
1880-1884.....	373	498	5,368,231	921,554	196,428	971,246	196,926	1,892,900
1885-1889.....	580	80	15,003,979	1,086,931	9,623	1,027,317	9,703	2,114,248
1890-1894.....	1,989	99	21,026,714	1,260,107	2,408	972,805	2,507	2,232,912
1899-1903.....	48,949	8,467	18,583,165	893,730	4,592	1,253,055	13,059	2,146,785

*a* Figures not available. *b* Ten months ending October 31, 1904.

The next table shows the quantity of leaf tobacco consumed in the United States in the manufacture of cigarettes, cigars, snuff, and all other tobacco during the calendar years 1894-1903. I do not know whether that has appeared in these hearings before.

The table referred to is as follows:

*Quantity of leaf tobacco consumed in the United States in the manufacture of cigars, cigarettes, snuff, and all other tobacco during the calendar years 1894-1903.*

[Data compiled from official returns of the United States Commissioner of Internal Revenue, Treasury Department.]

Calendar year.	Domestic leaf.	Foreign leaf.	Total.
	<i>Pounds.</i>	<i>Pounds.</i>	<i>Pounds.</i>
1894.....	294,517,864	23,122,539	317,640,403
1895.....	295,360,818	28,295,514	323,656,332
1896.....	290,907,333	17,491,250	308,398,583
1897.....	346,101,393	11,069,640	357,171,033
1898.....	340,893,423	8,984,314	349,877,737
1899.....	351,708,962	15,430,348	367,139,310
1900.....	357,785,106	21,377,778	379,162,884
1901.....	372,097,577	25,942,069	398,039,646
1902.....	398,480,717	29,073,247	427,553,964
1903.....	415,040,233	28,313,446	443,353,679
Total.....	3,462,893,426	209,100,145	3,671,993,571

The sixth table shows the value of United States cigar tobacco and of Philippine cigar tobacco.

The table referred to is as follows:

VALUES OF UNITED STATES CIGAR TOBACCO AND OF PHILIPPINE CIGAR TOBACCO.

*Average farm price of domestic cigar leaf, according to the December, 1904, Crop Reporter, United States Department of Agriculture.*

	Average price per pound.
	Cents.
New England .....	21.6
New York .....	10.0
Pennsylvania .....	8.9
Ohio—Miami Valley .....	7.5
Wisconsin .....	7.8
Georgia and Florida .....	28.8

*Market quotations for Philippine tobacco, from the Daily Bulletin, Manila, December 12 1904.*

Leaf tobacco.	Price per quintal (101.44 pounds).
Isabela, 1901, first to fifth class .....	\$15 to \$42
Cagayan, 1901, first to fifth class .....	11 to 38
Isabela, 1902, first to fifth class .....	16 to 36
Cagayan, 1902, first to fifth class .....	10 to 32
Brili:	
First class (few stocks offered) .....	13.50
Second class .....	11.00
Third class .....	9.50

*Export price of Philippine tobacco according to cable advice from the civil governor, dated Manila, January 20, 1905.*

	Price per pound (gold).
	Cents.
Wrapper tobacco .....	30
Filler tobacco .....	10
Smoking tobacco .....	7.5

These tables have been compiled out of a lot of data, and they may save the committee a little work, if they are not original. The next table shows the prevailing rates of duty imposed on tobacco imported into the United States under the Dingley tariff compared with the 75 per cent rate on Philippine tobacco and the proposed 25 per cent rate on the latter. This is all worked out in detail on wrapper leaf and filler leaf, etc.

The table referred to is as follows:

## TOBACCO.

*Prevailing rates of duty imposed on tobacco imported into the United States by the Dingley tariff as compared with the 75 per cent rate on Philippine tobacco and the proposed 25 per cent rate on the latter.*

	Straight rate.	Present 75 per cent.	Proposed 25 per cent.
	<i>Per pound.</i>	<i>Per pound.</i>	<i>Per pound.</i>
Wrapper leaf, unstemmed.....	\$1. 85	\$1. 3875	\$0. 4625
Wrapper leaf, stemmed.....	2. 50	1. 875	. 625
Filler leaf, unstemmed.....	. 35	. 2625	. 0875
Filler leaf, stemmed.....	. 50	. 375	. 125
All other tobacco not provided for.....	. 55	. 4125	. 1375
Cigars and cigarettes.....	4. 50	3. 375	1. 125
With an ad valorem rate on cigars and cigarettes, in addition to the specific rate of.....per cent.....	25	184	64

*Price per pound of Philippine tobacco showing cost plus the duty charged by present 75 per cent rate and proposed 25 per cent rate.*

	Price as given by Governor Wright.	Plus 75 per cent rate.	Plus 25 per cent rate.
	<i>Per pound.</i>	<i>Per pound.</i>	<i>Per pound.</i>
Wrapper leaf unstemmed.....	\$0. 30	\$1. 6875	\$0. 7625
Filler leaf unstemmed.....	. 10	. 3625	. 1875
All other smoking.....	. 075	. 4875	. 2125

Mr. Bijur furnished the other day to one of the members of the committee the figures on the cost of manufacturing cigars in the United States with Habana or seed fillers and Sumatra wrappers, and I think there is there made a useful comparison of the data we will give you with the corresponding cigars in the Philippines.

The table referred to is as follows:

*Cost of manufacturing cigars in United States with Habana or seed filler and Sumatra wrapper, showing size, wages paid, and cost on market per thousand.*

	Wages per 1,000.	Cost of completed cigars per 1,000.
Perfectos:		
" Cuban " hand work.....	\$34	\$120
Regular hand work.....	17	70
High Life:		
" Cuban " hand work.....	25	90
Regular hand work.....	14	60
Panetela:		
" Cuban " hand work.....	17	65
Regular hand work.....	12	55
Londres:		
" Cuban " hand work.....	18	70
Regular hand work.....	13	55

Furnished by Mr. Bijur to Representative Watson.

I next submit to you a table showing the cost of manufacturing cigars, per 1,000, perfecto size, at Manila. This shows the class, the wages



per 1,000 cigars, and the wages paid per day. You asked for that, Mr. Williams, the other day, and on that hint I cabled for that information.

The table referred to is as follows:

*Cost of manufacturing cigars, per 1,000, perfecto size, at Manila.*

	Pesos.
Labor .....	14
Material, including tobacco, labels, tin foil, boxes, rings, etc .....	36½
General charges .....	5
Total cost of manufacturing .....	55½

or \$27.75.

*Statement showing number of cigars made by Filipino workmen, class, wages per 1,000 cigars, and wages per day of nine hours.*

Class.	Number of cigars.	Wages per 1,000.		Daily wage rate, United States currency.
		Philippine Island currency.	United States currency.	
Invincibles .....	75	25	\$12.50	\$0.94
Incomparables .....	100	17½	8.75	.87½
Celestiales .....	100	17	8.50	.85
Imperiales .....	120	16½	8.25	.99
Defenders .....	100	15	7.50	.75
Regalias .....	120	12½	6.25	.75
Favoritos .....	150	14	7.00	1.05
Perfectos <sup>a</sup> .....	150	12	6.00	.90
Bouquets .....	150	9½	4.75	.71½
Cazadores .....	200	7	3.50	.70
Culebras .....	200	6½	3.25	.65
Reina Victoria .....	250	8½	4.25	1.06
Violetas .....	250	9	4.50	1.12½
High Life .....	150	10	5.00	.75
Republicanos .....	250	6½	3.375	.84½
Panetelas .....	200	9	4.50	1.12½
Lanceros .....	200	9	4.50	1.12½
Petits Bouquets .....	200	9	4.50	1.12½
Petits Duos .....	150	9	4.50	.67½
Jazzmines .....	200	9	4.50	1.12½
Torpedos .....	250	7½	3.75	.93½
Stogies .....	300	6	3.00	.90
Media Regalia .....	250	6½	3.25	.81½
Princesas .....	250	6	3.00	.75
Conchas Especiales .....	300	6	3.00	.90
Londres .....	350	4½	2.25	.79
Damas .....	350	3½	1.75	.61
Señoritas .....	800	1½	.75	.60

<sup>a</sup> Two pesos additional per 1,000 for tin foil.

The next table shows the cost of Philippine cigars at Manila, per 1,000, under these different rates. That is also worked out and probably will be useful to the committee.

The table referred to is as follows:

*Cost of Philippine cigars at Manila per 1,000; cost of same plus the 75 per cent Dingley rate, and cost plus the 25 per cent rate. (Dingley rate, \$4.50 per pound and 25 per cent ad valorem.)*

	Pounds.	Cost per thousand.	Cost under 75 per cent rate.	Cost under 25 per cent rate.	Cost under 50 per cent rate.
Perfectos .....	17	\$25.00	\$87.06	\$45.69	\$66.38
High Life .....	18	21.00	85.68	42.56	64.12
Media Regalia .....	17	13.00	72.81	32.93	52.86
Panetela .....	11	16.00	56.12	29.37	42.74
Londres .....	15	11.00	63.68	28.56	46.12
Señoritas .....	4	7.50	22.40	12.46	17.42
Segundo Habanos .....	11	6.50	44.84	19.28	32.06

Colonel EDWARDS. Then here is a chart showing the exports of tobacco for the Philippine Islands since American occupation, crude and manufactured. I will submit that, Mr. Chairman, and whether it ought to be printed or not is to be determined. Two or three members of the committee have asked me for information upon the exports of the tobacco from the Philippine Islands to the countries mentioned during the fiscal years 1899-1904 for leaf tobacco, cigars, cigarettes, and others, manufactured. This table has just been worked out, and therefore I think will be useful to the whole committee. It will be found at the conclusion of this statement.

Also inquiries have been made of me as to the import duties charged by foreign countries on the Philippine tobacco and its manufactures sent to Germany, Austria-Hungary, China, etc., and I have dug that information out of the respective tariffs of those countries and had them translated, and they will probably be of use as they are reduced to United States measure.

*Import duties charged by foreign countries on Philippine tobacco and its manufactures.*

The bulk of Philippine tobacco and its manufactures exported is credited to the United Kingdom, Germany, France, Spain, Austria-Hungary, Netherlands, China, Japan, British East Indies, Dutch East Indies, and Australia. The import duties levied on tobacco in its various forms by these countries are given below.

UNITED KINGDOM.

Tobacco, unmanufactured, containing 10 pounds or more of moisture in every 100 pounds of weight thereof .....	per pound..	\$0. 79
Tobacco, unmanufactured, containing less than 10 pounds of moisture in every 100 pounds of weight thereof .....	per pound..	. 87
Cigars .....	do....	1. 46
Cigarettes .....	do....	1. 17

GERMANY.

Tobacco in the leaf, unmanufactured .....	per pound..	. 092
Tobacco, manufactured, leaves wholly or partly stripped; waste of manufactured tobacco leaves .....	per pound..	. 195
Tobacco stalks and ribs .....	do....	. 092
Tobacco, chewing, and snuff .....	do....	. 195
Cigars and cigarettes .....	do....	. 292

FRANCE.

Tobacco, in leaves or stalks:		
For the Regie .....	Free.	
For private account .....	Prohibited.	
Tobacco, manufactured, for the Regie .....	Free.	

NOTE.—Limited quantities of manufactured tobacco, not to exceed 22 pounds per consignee per year, may be imported for personal use under a special tariff.

SPAIN.

Cigars of foreign manufacture, Regie duty .....	per pound..	\$2. 63
Cigarettes, Regie duty .....	do....	1. 43
Cut tobacco, Regie duty .....	do....	1. 43

NOTE.—The tobacco monopoly may clear through the customs manufactured tobaccos for private persons, but with a further tax of from 12 to 25 per cent ad valorem according to class of manufacture.

## AUSTRIA-HUNGARY.

Tobacco, unmanufactured (imported by special permission) . . . . .	per pound..	\$0. 046
Tobacco, manufactured (imported by special permission) . . . . .	do. . . . .	. 115

NOTE.—In addition to the duty, the following licensing tax is to be levied for every pound of the net weight paying duty:

Cigars and cigarettes . . . . .	per pound..	\$2. 03
Other manufactured tobacco . . . . .	do. . . . .	1. 55
Unmanufactured tobacco . . . . .	do. . . . .	1. 29

## NETHERLANDS.

Tobacco:		
In leaves, rolls, and unflattened ribs . . . . .	per 100 pounds..	\$0. 13
In leaves, rolls, and flattened ribs . . . . .	do. . . . .	. 274
Cut, snuff, and other manufactures . . . . .	do. . . . .	2. 193
Cigars . . . . .	do. . . . .	7. 31

## CHINA.

Tobacco:		
Leaf . . . . .	per 100 pounds..	. 43
Prepared, in bulk . . . . .	do. . . . .	. 51
Cigarettes:		
First quality (exceeding \$3.24 per 1,000 value) . . . . .	per M..	. 36
Second quality (not exceeding \$3.24 per 1,000 value) . . . . .	do. . . . .	. 07
Cigars . . . . .	do. . . . .	. 36

## JAPAN.

Tobacco, leaf, ad valorem . . . . .	per cent..	70
Cigars and other manufactures, ad valorem . . . . .	do. . . . .	300

NOTE.—This includes war tax of 100 per cent on previous tax.

## BRITISH EAST INDIES.

Tobacco:		
Unmanufactured . . . . .		Free.
Manufactured, ad valorem . . . . .	per cent..	5

## DUTCH EAST INDIES.

Western Borneo:		
Tobacco, smoking, and snuff . . . . .	per 100 pounds..	\$1. 466
Manila cigars . . . . .	do. . . . .	36. 54
Other cigars and cigarettes . . . . .	do. . . . .	9. 13
Residency of east coast of Sumatra:		
Tobacco—		
Chinese . . . . .	do. . . . .	2. 20
Manila and Habana . . . . .	do. . . . .	5. 50
Snuff . . . . .	do. . . . .	7. 31
Cigars, Manila and Habana . . . . .	do. . . . .	36. 54
Other cigars . . . . .	do. . . . .	9. 13
Territory of Lobok:		
Tobacco (as unenumerated goods and not in list of exceptions), ad valorem . . . . .	per cent..	4

## AUSTRALIAN COMMONWEALTH.

Tobacco:		
Manufactured . . . . .	per pound..	\$0. 79
Unmanufactured . . . . .	do. . . . .	. 79
Unmanufactured, but entered to be locally manufactured into tobacco, cigars, and cigarettes, to be paid at the time of removal to the factory . . . . .	per pound..	. 36
Cigars, 15 per cent ad valorem and per pound . . . . .		1. 52
Cigarettes . . . . .	per pound..	1. 57
Snuff . . . . .	do. . . . .	1. 57

NOTE.—In addition to the above duties excise charges are assessed as follows:

Tobacco, manufactured.....	per pound..	\$0. 24
Cigars.....	do.....	. 36
Cigarettes.....	do.....	. 73
Snuff.....	do.....	. 49

I also have a table of the importations of leaf tobacco into the United States by countries during the calendar years 1895-1904 which follows:

*Importations of leaf tobacco into the United States, by countries, during the calendar years, 1895-1904.*

[Data compiled from official returns of the Department of Commerce and Labor.]

Calendar year—	Imported from—					
	Cuba.		Netherlands.		Germany.	
	Quantity.	Value.	Quantity.	Value.	Quantity.	Value.
	<i>Pounds.</i>		<i>Pounds.</i>		<i>Pounds.</i>	
1895.....	25,555,660	\$9,322,977	3,781,258	\$4,765,203	257,711	\$174,200
1896.....	14,366,753	6,146,826	3,448,058	3,071,194	504,840	287,350
1897.....	4,217,347	2,519,013	4,540,020	4,402,020	1,689,487	71,637
1898.....	4,120,717	2,832,497	4,708,354	4,682,676	281,222	165,575
1899.....	11,029,548	7,025,584	3,849,553	3,693,525	319,245	152,222
1900.....	14,935,661	8,837,234	5,830,789	5,159,956	324,110	135,958
1901.....	17,826,079	9,208,096	5,946,210	5,490,669	1,094,135	280,362
1902.....	22,288,580	9,736,526	5,432,410	4,457,096	693,734	330,916
1903.....	21,565,215	10,157,975	6,360,259	4,635,146	1,164,006	465,325
1904.....	19,110,513	9,387,519	6,663,431	4,869,702	911,267	493,458

Calendar year—	Imported from—						Total.	
	British North America.		Mexico.		Other countries.			
	Quantity.	Value.	Quantity.	Value.	Quantity.	Value.	Quantity.	Value.
	<i>Pounds.</i>		<i>Pounds.</i>		<i>Pounds.</i>		<i>Pounds.</i>	
1895	1,344,521	\$902,774	68,895	\$14,655	347,859	\$146,111	31,355,899	\$15,225,920
1896	730,703	565,989	345,468	144,935	862,882	281,507	20,258,704	10,497,601
1897	535,589	428,339	769,326	339,236	1,097,024	1,312,223	12,848,743	9,072,468
1898	476,012	316,767	803,766	285,817	917,759	296,830	11,307,830	8,580,182
1899	521,693	470,385	245,285	62,974	1,312,661	384,749	17,277,985	11,789,589
1900	368,721	213,973	200,567	53,668	1,532,257	467,108	23,192,105	14,867,897
1901	396,257	284,333	169,155	47,308	2,585,714	889,758	28,017,550	16,190,526
1902	288,478	157,800	252,394	61,596	3,236,616	1,477,483	32,192,212	16,221,416
1903	643,840	406,469	141,258	34,800	3,123,345	1,572,967	32,997,923	17,272,682
1904	1,129,010	551,252	133,227	38,610	2,654,858	1,317,682	30,602,306	16,658,223

Just as I was leaving my desk this cablegram was put on it. I have not any other authority, except that I have assumed, to read it. It reads as follows:

MANILA. (Received 1.23 a. m., January 25, 1905.)

ROOSEVELT, Washington:

Filipino tobacco manufacturers protest against false claim of operatives San Francisco alleging that we employ Chinese operatives manufacture cigars. We appeal to the generosity of the American people for the free admission of Filipino manufactured tobacco as a consequence American sovereignty.

HERNANDEZ,  
President Tobacco Manufacturers.

Evidently the newspapers have reported these meetings, and that that there was an allegation that there were a lot of Chinamen employed in the trade there.

Here are some cablegrams relative to tobacco. They are really embodied in what I have given you already; that is, the information is worked out in those tables. But possibly it will be of interest to have me read these cablegrams.

The first one reads as follows:

[Cablegram sent January 18, 1905.]

Opposition to 75 per cent reduction Philippine tobacco claim if total Philippine tobacco exports diverted to the United States, will injure seriously 120,000,000 pounds annual United States domestic production cigar leaf. Cable immediately what proportion total Philippine exports unmanufactured tobacco is suitable for wrapper, proportion suitable for filler, suitable for other purposes, and average valuation each class per pound at Manila.

The answer to that was received January 20, as follows:

With reference to your telegram of the 18th, Shuster reports total exports tobacco, fiscal year ending June 30, 1904, 19,044,290 pounds.

That is what appeared in the statistical table.

Mr. DALZELL. That is to all countries?

Colonel EDWARDS. Yes, sir. [Continuing cablegram:]

[Cablegram received January 20.]

With reference to your telegram of 18th, Shuster reports total exports tobacco fiscal year ending June 30, 1904, 19,044,290 pounds. Tavera gives exporters figures 18,226,000 pounds. Twenty per cent of exports for wrappers at 30 cents gold per pound; remaining 80 per cent used for fillings and smoking tobacco. Price, fillings, 10 cents per pound; smoking tobacco, 7½ cents.

Thirteen million two hundred thousand pounds of total exported to European countries having tobacco monopoly; balance to other European markets. Exports of wrapper tobacco decreasing because of local demand and diminished production. If left to themselves, tendency natives is to produce poorer grades, chiefly absorbed by local and Spanish markets.

Report of the collector of customs shows reduction exported cigars last two fiscal years over preceding years about 42 per cent. One large cigar manufacturer here threatening to move to Hongkong, where they can get Sumatra wrappers free of duty and cheaper labor.

Exporters here have largely lost oriental markets on account of the competition—cheaper tobacco from other oriental countries.

Mr. CLARK. Do they chew tobacco at all in Manila?

Colonel EDWARDS. No, sir.

Mr. CLARK. Do they manufacture any chewing tobacco at all there?

Colonel EDWARDS. No, sir; they do not.

The CHAIRMAN. Do those tables properly indicate where the figures indicate amounts of American money and where they indicate the Filipino money; whether it is dollars or pesos, or where it is centavos and where it is cents?

Colonel EDWARDS. Yes, sir; we always use the word "centavos" where we mean the new silver cent.

The CHAIRMAN. I thought, from your reading, that some of those amounts were in American money and some in Philippine money.

Colonel EDWARDS. I would also call the attention of the committee to the fact that we have adopted as the sign for the peso the capital "P" with two horizontal lines drawn through the bulb of the "P." That means the peso, equal to 50 cents gold.

Mr. WILLIAMS of Mississippi. Whom is that cablegram from?

Colonel EDWARDS. From General Wright, the civil governor. It is his official statement.

Then we have here a cable sent January 19, as follows:

[Cable sent January 19.]

Cable full details as possible concerning wages, agricultural laborers, tobacco fields\*  
\* \* \* Supply of labor in the province of Isabela and other tobacco-producing provinces.

To that we received the following reply on January 21.

[Cable received January 21.]

With reference to your telegram of 19th, practically all tobacco offered for sale produced in northern provinces, principally Cagayan and Isabela, produced as a rule on small tracts land occupied by cultivators. Family of four will produce tobacco valued at, say, 140 pesos. The few large estates farm their lands by tenants on shares. Total production per capita small. \* \* \*

The next is this cablegram, sent January 22:

[Cablegram sent January 22.]

Customs figures fiscal year ending June 30, 1904, show amount exportations from the Philippine Islands unmanufactured tobacco, nineteen million odd pounds, at a value of million odd dollars. Opponents of our bill claim that this shows value in Manila, cigar leaf, 5 cents per pound. How do you reconcile these figures with price stated in your telegram of January 20? Consult Shuster; answer as soon as possible.

Send immediately export prices various classes of cigars per thousand, giving weight; for instance, Perfectos, High Life, Media Regalia, Panetelas, Londres, as well as cheaper grades, if any.

The answer to that, received January 24, was as follows:

[Answer received January 24.]

With reference to your telegram of 22nd, upon investigation Shuster finds his statistics as to amount of tobacco exported during the last fiscal year correct—as to value, incorrect—but based on sworn invoices by exporters, who, for some reason not very clear, have systematically and, as they claim, since 1883 undervalued tobacco exports. Figures given from investigation made by Tavera, correct. In other words, value of tobacco exported last year was about \$2,500,000, instead of \$1,000,000 reported by Shuster. Made no actual investigation, for the reason that duties specific and no fraud on revenue committed.

Export prices and weight per thousand as follows:

	Pesos.	Pounds.
Perfectos.....	50	17
High Life.....	42	18
Media Regalia.....	26	17
Panetelas.....	32	11
Londres.....	22	15
Senoritas.....	15	4
Segundo Habanos.....	13	11

Mr. WILLIAMS. For how many cigars is this?

Colonel EDWARDS. Per thousand.

The next is a cablegram received January 25, as follows:

[Cablegram received January 25.]

Conference with tobacco exporters this morning develops following unanimous opinion: If Dingley tariff removed no wrapper tobacco as it is known in the United States will go to the United States; only cigars and small amount selected filler. Think value exported tobacco stated yesterday at 2,500,000, based on Tavera's figures, is too high; less than 2,000,000 nearer correct. Figures given result conference with exporters and Shuster's personal investigation. Difficult to get real values.

I next present a cablegram sent January 25, together with the answer received January 26, which are as follows:

[Cablegram sent January 25.]

What is the cost manufacturing 1,000 Perfectos, and cost labor and materials?

With reference to your telegram of 24th, how many cigars will Filipino workman make daily, each class, with daily wages? How many hours constitute day labor?

[Cablegram received January 26.]

With reference to your telegram of 25th, cost of manufacturing 1,000 Perfectos, 55½ pesos, divided as follows: Labor, 14; material, including tobacco, labels, tin foil, boxes, rings, etc., 36½ pesos; general charges, 5.

Tavera furnishes following figures as to number of cigars made by Filipino workmen in day of nine hours and wages per thousand cigars:

	Number.	Pesos.		Number.	Pesos.
Invincibles.....	75	25	Republicanos.....	250	6½
Incomparables.....	100	17½	Panetelas.....	200	9
Celestiales.....	100	17	Lanceros.....	200	9
Imperiales.....	120	16½	Petits Bouquets.....	200	9
Defenders.....	100	15	Petits Duc.....	150	9
Regalias.....	120	12½	Jazmines.....	200	9
Favoritos.....	150	14	Torpedos.....	250	7½
Perfectos.....	150	a 12	Stogies.....	300	6
Bouquets.....	150	9½	Media Regalia.....	250	6½
Cazadores.....	200	7	Princessas.....	250	6
Culebras.....	200	6½	Conchas Especiales.....	300	6
Reina Victorias.....	250	8½	Londres.....	350	3½
Violetas.....	250	9	Damas.....	350	3½
High Life.....	150	10	Señoritas.....	800	1½

a And 2 additional for tin foil.

Then come two cablegrams sent January 26, and the answer received January 27, which are as follows:

[Cablegrams sent January 26.]

(1) How many million cigars were manufactured in the Philippine Islands during the fiscal year ending June 30, 1904? How many million cigars were exported? If practicable, state the number of exported Perfectos, High Life, Panetelas, Media Regalias, Londres, Señoritas, and Segundo Habanos. What is the average production of tobacco, in pounds, per hectare in the Province of Cagayan, in the Province of Isabela, in the Province of La Union, and the other Ilocos provinces?

(2) Referring to telegram from your office of the 20th instant, what is the amount of filler tobacco and of smoking tobacco exported last year?

[Answer received January 27.]

With reference to your telegrams of 26th, further investigation by Shuster develops estimate of 20 per cent of exports of tobacco being suitable for wrappers is misleading. The facts are there is only a small part of 1 per cent of this tobacco which would be used for wrappers by the manufacturers in the United States. It is very low grade tobacco used for cheap cigars made in Spain and other tobacco-monopoly countries. There is not more than enough wrapper tobacco produced here to meet demands local manufacturers' high-grade cigars. The most of these cigars are used here; a small proportion exported.

Impossible to get any accurate idea of the comparative amount of filler and smoking tobacco exported last year. It is nearly all very low grade, and little of it could be used in the United States for fillers.

Total number cigars exported last fiscal year, 104,811,000. Nearly all this extremely low grade; proportion high grade very small.

Shuster is now at work to ascertain number of those mentioned in your telegram exported last year; also average production northern provinces. Will send as soon as possible. Will take some time to get reliable data.

Tavera reports average production per hectare in the province of Cagayan, in the province of Isabela, is about 1,100 pounds; in the province of La Union and Ilocos, about 1,300 pounds.

Now, it is not my province to mention the position of the administration on this bill, and Secretary Taft, as I have said, will address you either this afternoon or to-morrow morning. But I would like to say, as a subordinate, and as a man who has been identified with this question for about five years, that I have been very much impressed by the presentation of the case of the sugar and tobacco people. They seemed so thoroughly in earnest, and they have aroused the whole country and got them scared to death in that interest. And, looking at the thing dispassionately, and from both sides, now that I have heard the other, I do not think there is the slightest cause for apprehension. There certainly is not on the part of the sugar people, as I think Secretary Taft will so show you.

One must realize that the deficit from the total production from all the sources we have, including Cuba, was 504,000 tons last year, and as Colonel Colton will show you, if you take the probable increased production in the Philippines, there should be no alarm, irrespective of what he will show of the markets that will absorb the Philippine sugars. I believe that if this relief is granted that is proposed by the bill it will only make possible the chance to pay the mortgage indebtedness on the farms in the Philippines devoted to sugar, and make them profitable, and that the attractions to labor are in a much more profitable field in hemp, and to-day rice is a more profitable employment. Six years ago the Philippine Islands were exporters of rice. Last year rice constituted 40 per cent of our total importations, and the demand for it and the increased price will, I believe, increase the price of labor.

What has impressed me more than anything else is the wonderful influence of the Washington representative in scaring up people throughout the country. We have had experiences of that kind in the Rev. Wilbur F. Crafts about the way we controlled the sale of liquor and several other forms of vice in the Philippines, and now, only second to him, is evidenced the power of Mr. Palmer and Mr. Crounse in needlessly arousing interests through the country, so thinks a Government clerk who has to meet all the questions from the alarmed people throughout this country.

MR. CLARK. What is the reason that Mr. Shuster and those other officials over there can not give more definite data than they do? They seem to change it from day to day.

Colonel EDWARDS. I don't know; because there is no reason to undervalue their imports, because the duty is specific.

MR. CLARK. Yes, sir.

Colonel EDWARDS. And as to the difference between the filler and a smoking tobacco making up such a poor cigar, I do not think they make record of the differentiation on the different grades. There is one thing that I can say on the total amount that they have given; Mr. Shuster is very, very careful on those things. He is a hair splitter in the way of getting up statistics, and has undoubtedly gone into this thing very exhaustively, and I would think on that two million difference between the Commission and himself that the final figure was probably the more accurate statement.

MR. HILL. Perhaps the valuation was made in reference to importations into other countries, where there is an ad valorem duty.

Colonel EDWARDS. I think so.

MR. NEEDHAM. Have you looked at those questions which were put in the record by Mr. Fordney on the first day?

Colonel EDWARDS. I think that I could answer those, offhand. I could give you my opinion on those questions.

MR. CURTIS. Why not let Colonel Edwards take those questions and give us answers to them?

Colonel EDWARDS. I am quite willing to attempt to answer these questions. I think that Secretary Taft would do it better; but I have a little orientation in that direction, and would just as lief try to answer them.

MR. NEEDHAM. Probably the Secretary had better do it.

Colonel EDWARDS. I think that he had better do it. I would be very glad indeed to give you my answers, if you want to hear them.



*Exports of tobacco from the Philippine Islands, to the countries mentioned, during the fiscal years 1899-1904.*

## LEAF TOBACCO.

Exported to—	1899.		1900.		1901.		1902.		1903.		1904.		Total.	
	Quantity.	Value.	Quantity.	Value.	Quantity.	Value.	Quantity.	Value.	Quantity.	Value.	Quantity.	Value.	Quantity.	Value.
	Pounds.		Pounds.	\$7	Pounds.		Pounds.		Pounds.		Pounds.		Pounds.	
United States	110		1,774	402	15,075	\$2,060	16,236	\$2,185	244,377	\$42,283	211	\$35	244,698	\$42,335
Hongkong	954,066	\$46,463	1,174		2,254		204,170	7,337	6,358	1,421	8,510	1,078	247,953	7,146
United Kingdom	258,000	25,800	1,271,115	72,381	36,134	4,823	11,939	2,067	309,731	15,024	10,349	1,981	2,731,675	133,965
Germany									18,009	2,240	59,952	4,586	384,004	39,516
France									33,816	1,106	756,277	31,472	1,200,837	47,155
Spain	6,315,232	343,886	408,051	14,044	14,372,911	726,418	16,665,735	600,714	14,624,485	531,669	13,073,021	646,405	74,134,123	3,336,584
Austria-Hungary			9,102,729	487,492	14,372,911	197,641	3,285,677	83,108	3,284,877	153,107	3,425,498	225,145	16,323,206	816,022
China	1,948,986	137,021	1,378,178	1,128	3,378,178	1,128	6,563	1,786	3,209	3,374	1,038	1,325	2,003,186	147,606
Japan	1,080	21,894	1,080	102	8,863	15	12,989	1,461	6,116	1,346	4,607	683	24,827	3,607
Egypt	777,571	21,894	777,571	21,894	83,354	16,192	291,476	29,410	3,384	37,916	317,339	31,190	780,956	22,049
East Indies.	65,717	6,552	288,735	46,793	10,992	3,275	2,816	910	408,617	2,733	21,014	1,230	1,455,238	168,053
Australasia	2,510,476	252,080	1,009	145	19,870	1,230	544,785	55,181	16,459	2,733	1,967,484	78,019	2,562,766	260,433
Other countries	72,364	3,304	72,364	3,304	19,870	1,230	544,785	55,181	1,670,720	113,426			3,675,173	251,160
Total	11,950,112	804,919	14,010,356	817,840	17,929,100	983,520	21,044,615	784,523	20,630,168	902,870	19,044,290	1,021,949	104,608,641	5,285,621

## CIGARS.

United States	\$7,002	\$1,885	\$5,027	\$8,539	\$2,866	\$1,795	\$28,114
Hongkong		206,283	337,111	350,140	355,628	376,154	1,623,316
United Kingdom	558,441	233,082	201,591	624,445	128,211	85,113	1,890,833
Germany	14,583	30,226	33,421	27,465	23,994	15,637	146,946
France	14,428	31,699	35,303	31,190	23,283	25,374	167,443
Spain		47,068	13,901	2,049	1,563	2,664	82,138
Austria-Hungary	475,922	77,068	12,115	4,859	5,776	3,947	38,806
China	61,729	222,299	63,978	93,554	5,561	98,769	1,013,073
Japan	11,092	11,546	10,260	21,007	3,869	17,569	130,961
Egypt	11,092	11,546	10,260	21,007	3,869	17,569	130,961
East Indies	89,924	223,771	139,141	195,048	184,985	198,972	20,694
Australasia	1,448	131,869	341,899	227,268	86,360	90,328	1,001,475
Other countries		38,504	44,615	77,210	53,945	50,519	969,598
Total	1,294,701	1,188,161	1,250,175	1,666,722	947,504	908,809	286,241
							7,316,132

## CIGARETTES.

United States.....					\$76	\$3		\$27	\$106
Hong Kong.....				\$4,416	5,841	9,931		8,041	27,874
United Kingdom.....				15	908	41		171	5,583
Germany.....				5,335	214	109		119	5,777
France.....					20			143	1,538
Spain.....					250			301	1,798
China.....					576	1,236		1,780	5,125
Japan.....	\$525			860	150	627		169	1,206
East Indies.....				137	269	1,861		1,528	5,748
Australasia.....						136		46	596
Other countries.....						216		242	7,352
Total.....				11,092	9,935	20,699		12,586	56,796

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## ALL OTHER MANUFACTURED.

United States.....					\$230	\$181		\$133	\$339,884
Hong Kong.....				\$1,832	706	5,083		490	80,953
United Kingdom.....				407	946	1,670		1,670	2,773
France.....	\$10,864			200	36,944	1,562		1,247	73,149
Spain.....	12,191					25		301	2,925
Austria-Hungary.....						44		42	156,525
China.....	79,047			12	118	5		3	463
Japan.....	30				11			89	3
Egypt.....									22,036
East Indies.....	7,604			490	667	6			11,738
Australasia.....	2,683				8				10,865
Other countries.....	288				1,200	3,489		5,908	
Total.....	112,617			2,941	40,127	10,945		9,883	350,636

*Imports of tobacco into the Philippine Islands, from the countries mentioned, during fiscal years 1899-1904.*  
LEAF TOBACCO.

Country.	1899.		1900.		1901.		1902.		1903.		1904.		Total from date of American occupation.	
	Quantity.	Value.	Quantity.	Value.	Quantity.	Value.	Quantity.	Value.	Quantity.	Value.	Quantity.	Value.	Quantity.	Value.
	Pounds.		Pounds.		Pounds.		Pounds.		Pounds.		Pounds.		Pounds.	
United States .....					4,655	\$435	2	\$2	1,417	\$788	26	\$1	6,100	\$1,221
Hongkong .....					683		4	10	1,228	155			15,760	3,650
United Kingdom .....			6,711	\$2,802	1,805	170							1,806	3,170
Germany .....	3,900	\$1,560					22	9					3,922	1,569
France .....														
Spain .....							2	1					2	1
Austria-Hungary .....														
China .....	1,076	108	5,314	994	48,812	6,696	17,014	2,921	8,977	1,216	14,031	2,749	95,224	14,688
Japan .....							376	85					86	85
Egypt .....							1	3					1	1
East Indies .....					16,273	1,767	318	46	2	1	7	1	16,600	1,815
Australasia .....														
Other countries .....			692	212			810	483	5,302	1,157			6,804	1,802
Total .....	4,976	1,668	12,717	4,008	79,382	9,750	18,549	3,510	16,926	3,312	14,064	2,751	146,594	24,999

## CIGARS.

United States .....						\$25		\$1,882		\$532		\$16		\$2,505
Hongkong .....						6		252		252		102		962
United Kingdom .....								17		8		20		20
Germany .....						5		334		10		82		431
France .....														
Spain .....														
Austria-Hungary .....														
China .....								3		2		77		82
Japan .....								1,566						1,566
Egypt .....														
East Indies .....						156		76		190		219		640
Australasia .....														16
Other countries .....	(a)	(a)	(a)	(a)				4		174				178
Total .....						192		4,486		1,279		516		6,423

## CIGARETTES.

United States.....	\$16,150	\$9,068	\$10,971	\$7,566	\$1,711	\$1,711	\$773	\$46,239
Hongkong.....	12	1,829	1,641	852	1,369	1,369	976	6,657
United Kingdom.....		135	600	139	3	3	298	2,531
Germany.....					8	8	1	278
France.....					72	72		76
Spain.....	230	754	382	15	5	5		1,386
Austria-Hungary.....	7,410							7,410
China.....	3,002	4,120	7,209	7,622	267	267	502	22,722
Japan.....		18	267		13	13		298
Egypt.....		1,669	2,422	2,991	1,111	1,111	2,207	10,400
East Indies.....	396	385	150		548	548	292	1,771
Australasia.....								
Other countries.....				5	61	61	1	57
Total.....	a 27,200	a 17,978	23,347	20,814	5,430	5,430	5,066	99,836

## ALL OTHER MANUFACTURED.

United States.....	\$1,083	\$1,391	\$5,328	\$1,208	\$153	\$153	\$1,696	\$10,859
Hongkong.....		604	245	110	491	491	266	1,716
United Kingdom.....	9,966		421	141	85	85	233	10,846
Germany.....	1,120			21	4	4	3	1,148
France.....	8,300							8,300
Spain.....		116					3	119
Austria-Hungary.....								
China.....	4,276	842	4,917	11,417	674	674	2,089	24,215
Japan.....		54		35	206	206	15	310
Egypt.....		5						807
East Indies.....		585	12,840	56	11	11	87	13,579
Australasia.....								
Other countries.....			300		6	6		306
Total.....	24,745	3,548	24,307	12,988	1,630	1,630	4,392	72,205

a Including cigars not separately stated.

NOTE.—These figures do not include tobacco and cigars imported for the use of the Army.

## STATEMENT OF COL. GEORGE R. COLTON.

I have here, gentlemen of the committee, an original Filipino document. It was originally written in the Spanish language under the direction of the Filipino president of the Iloilo Chamber of Commerce, and it is therefore in Spanish composition. A translation has been made, and if it is the desire that I should read the petition, I will do so.

The CHAIRMAN. You might read enough to show the object of the petition.

Colonel COLTON. Very well, I will do so [reading]:

ILOILO CHAMBER OF COMMERCE AND AGRICULTURE,  
November 26, 1904.

*To the Congress of the United States of America:*

The Iloilo Chamber of Commerce and Agriculture, representing the sugar-cane growers of this American territory, respectfully requests that the customs tax now imposed upon Philippine sugar, when shipped to the mainland territory of the United States, be wholly removed, and begs to submit the following statement regarding the condition of the sugar industry in these islands and the necessities for the action requested:

The present situation of the sugar district is extremely discouraging, due to the bad crops of sugar harvested since 1898, and this condition, unless reckoning upon the abolition of the Dingley tariff, unfortunately will not improve, as, though the causes (war, revolution, rinderpest, etc.) which originally brought about the actual depression have disappeared, and apart from the critical financial condition of the planter, which prevents him from properly cultivating his estates, everything has become so dear that the cultivation of sugar cane does not even give him a sufficiency to cover his living expenses.

Before going into the reasons why we consider the abolition of the Dingley tariff upon Philippine sugar as the only measure, in our judgment, to prevent the total ruin of these provinces, we shall make estimate of what the production of the sugar costs. We will base our estimate on the expenses of an estate producing 4,000 to 5,000 piculs, or, say, from 250 to 312 tons, having chosen such an estate as they are the most numerous. For the production of said quantity of sugar plantings on an extension of about 125 acres are needed. The cost is as follows, taken from to-day's ruling prices:

	Philippine currency.
Plowing 125 acres ready to plant.....	P 625. 00
Cleaning drains before planting.....	145. 00
Planting 125 acres.....	675. 00
Plowing four times between plants.....	430. 00
Weeding and cleaning cane three times.....	850. 00
Cleaning drains after cane has grown up.....	145. 00
Cutting and transporting cane to mill.....	1, 718. 75
Making the sugar.....	2, 313. 00
Packing and mats.....	770. 00
Lime, oil, tallow, petroleum, etc.....	267. 00
Firewood.....	900. 00
Carting, freight, and delivering expenses.....	2, 250. 00
Salaries.....	2, 760. 00
Unforeseen expenses.....	650. 00
Rent (say depreciation, taxes, and repairs).....	2, 000. 00
Interest at 8 per cent per annum on expenses.....	430. 00
Total.....	18, 928. 75

We have taken into account 50 cents per picul for carting, freight to Iloilo, and delivering expenses as a low average.

One hundred and twenty-five acres of good land, as we have already said, produce, under normal circumstances, from 4,000 to 5,000 piculs, or 250 to 312 tons; say, 4,500 piculs (281½ tons) as the average. We can not take into account a price higher than P4 per picul, or P64 per ton, though, as it is true

that it can be higher, as it is just at the present moment, it can also be lower, as it happened last crop, when a large proportion of same was sold at 3.50 to 3.87½ Pfs. Mexican per picul.

We obtain thus P18,000 for the 4,500 piculs, and if we deduct therefrom the P16,928.75, cost of its production (1 ton, at P60.18), we have a balance remaining of P1,071.25, or \$535.62 United States currency, for replacing cattle (costing to-day P100 to P145 each) and for the living expenses of the planter. This is under favorable circumstances, but should they be the reverse, such as drought, excessive rain, or locust, then the results are disastrous. How many planters saw their last crop dried up and then the shriveled cane eaten by locusts.

It can not be wondered, then, that the crops which in 1897 and preceding years amounted to 150,000 tons and more should have diminished to about 80,000 tons in the past year, while the prospective crop is only estimated at 65,000 tons. That to follow in all probability will be an equal percentage smaller. Thus gradually an industry fostered by the late Spanish Government will be dead within four to five years.

It may be asked, If the cane planters have experienced such bad results, why have they not grown something else? We will suppose that the planters should be willing to lose the millions of dollars now invested in machinery in Panay and Negros, and that, though the cultivation of sugar before all other work is eminently more suitable to the constitution of the Filipino, they would be willing to change sugar growing for any other product, to what other product could they turn their attention? As cotton, coffee, cocoa, and tea can not be thought of on account of the local climatic conditions, there only remain hemp, copra, and rice. In some few specially selected parts hemp is growing and being extended all possible; sea-beach land might be more taken advantage of for growing copra, and the lowlands in the interior of Panay and Negros dedicated to rice, but what is to become of the rest of the lands now dedicated to sugar cane? Forcibly they would be fallow. In such an event what would become of the 700,000 people now living by the sugar industry? What means can be provided for them? And, further, by what other means could the landowner provide his government taxes?

It is distressing to this chamber to take up a so well-known and much-discussed point, and we are convinced that we must support a continuance of the production of sugar, as the interests of the laborer, landowner, and Government are one, and we can not imagine any other measure that can give new impulse to the sugar industry except the abolition of the Dingley tariff on our sugars. For the welfare of this district, to prevent the total ruin of a region which has suffered greater than any other in these islands, and therefore, perhaps, has had less consideration, we ask for the abolition of the Dingley tariff. We believe we are entitled to demand it as an equitable concession. Is it just that Porto Rico should enjoy privileges that had not been granted to the Philippines—as American as the other? Before the change of government we had free trade with Spain, and that market now would be a very important one to us, owing to tremendously increased consumption of sugar there. Is there anything more just, having lost that market, than that the new Government should open theirs?

We know of the unjust opposition in the United States to our pretensions, and we are amazed at it.

Even if the Philippines doubled or trebled their crop and exported the entire product to the United States, which is entirely improbable, of what significance would be the importation of three or four hundred thousand tons of our sugar into that country? Why, it would simply mean a proportional reduction in the quantity of other sugars entering the United States, whereby foreign industries are supported.

Those interested in American sugar may rest tranquil on this score and have no fear of Philippine competition, which seems to be the terrifying but delusive dream that haunts them. In the Visayas there is a great scarcity of laborers. At the time crops were 150,000 tons a good many planters were greatly pushed to obtain the necessary labor. The scarcity of labor is to-day more serious, owing to the late revolutions, cholera, fevers, and—why should we not say it—on account of famine. For these reasons, as long as the population of the Visayas does not increase considerably, we are sure that the production of sugar can not surpass a limit of 175,000 tons, the government forbidding us to look elsewhere for laborers. This on one side; on the other we have open to us the Chinese markets.

Formerly sugar was unknown in the interior of China, and less than twenty years ago the only sugar exported from here to China went to the Hongkong refineries to be refined and reexported to Australia. This has changed; to-day our sugars, owing to their late cheapness, have been introduced by Chinese merchants into the interior of China, where it is consumed in its raw state and is now a yearly increasing domestic necessity, as confirmed by statistics. If we compare China with Japan, where twenty years ago sugar was almost unknown and which now possesses important refineries, we are certain that China will also quickly have its refining centers, when all the sugar we could possibly produce will not suffice their wants. The abolishment of the Dingley tariff would raise our basis for sales to Chinese markets and oblige the Chinese merchants, who know that by paying a little over European values they can secure our sugar, to pay the full value for it. At equal prices there can be no doubt that Philippine sugars will go to nearby China, where they are sold on color and not on polarization, and where the seller is not exposed to any claims even in falling markets.

This chamber never has nor will discuss political measures, but in concluding this statement it seems proper to point out the great political influence that favorable action upon this petition would have, as a prosperous people are always contended with their lot.

Respectfully submitted,

RAYMUNDO MELLIZA,

*Angulo, President Iloilo Chamber of Commerce and Agriculture.*

The CHAIRMAN. There is a certain item that you named in the beginning of that petition that ought not to be counted in more than once in every seven to fifteen years, is there not—the planting and draining?

Colonel COLTON. No, sir; it is every year.

Mr. CLARK. They do not plant sugar cane every year, do they?

Colonel COLTON. Yes sir; in the Philippine Islands.

Mr. CLARK. Why, somebody testified here the other day that they did not plant the sugar cane but once in every seven to fifteen years.

Colonel COLTON. That is a great mistake, sir.

The CHAIRMAN. Do you know that of your own knowledge?

Colonel COLTON. Yes, sir. It is planted every year.

Mr. CLARK. We want to get the straight of it.

Colonel COLTON. I do not mean to say but that the sugar cane might grow if it was not planted every year, but they plant it every year, as a matter of fact.

Mr. DALZELL. Is the cost of production of sugar by the pound given there?

Colonel COLTON. I believe not. I have that here, however.

The CHAIRMAN. Did you state the price, the cost of sugar per pound, in that?

Colonel COLTON. No, sir.

The CHAIRMAN. I thought you said that you stated it.

Colonel COLTON. No, sir. This is simply the petition that I have presented, and I had not read that until this morning.

The CHAIRMAN. Will you state the cost, the price per pound, of sugar?

Colonel COLTON. I think I have it among my data here.

The CHAIRMAN. You have a statement of your own?

Colonel COLTON. Yes, sir.

Mr. WILLIAMS, of Mississippi. Before he leaves that petition I want to ask him a question. Do you know the nationality, the occupations, and the numbers of the board of trade at Manila?

Colonel COLTON. The board of trade at Manila? There are several there.

Mr. WILLIAMS, of Mississippi. Of this board of trade?

Colonel COLTON. This is the Iloilo Chamber of Commerce and Agriculture. Iloilo is the sugar port of the islands.

The CHAIRMAN. Proceed with your statement.

Colonel COLTON. I have read you all of this petition, and, as I say, I had not read it fully before until this morning.

Mr. WILLIAMS, of Mississippi. Do you know the nationality and occupation and the numbers of the members of this chamber of commerce?

Colonel COLTON. Yes, sir.

Mr. WILLIAMS, of Mississippi. Will you hand that in to the stenographer?

Colonel COLTON. Yes, sir. I have here a few remarks that I desire to submit on the subject of this petition, Mr. Chairman, because I am well acquainted with this organization, and know it to be composed of the sugar producers, and Filipinos particularly—

Mr. NEEDHAM. What is the nationality of the sugar manufacturers in the islands?

Colonel COLTON. The sugar manufacturers are Filipinos, largely.

Mr. NEEDHAM. Are they not Spanish and English?

Colonel COLTON. There are some Spaniards, but the sugar is largely made by the Filipinos.

Mr. NEEDHAM. I know the planters are Filipinos, but the manufacturers?

Colonel COLTON. There are no refineries in the islands. The sugar in the islands is made on the estates.

Mr. NEEDHAM. The estates on which they are grown. Who owns those estates?

Colonel COLTON. They belong largely to Filipinos. There are some estates, of course, which are owned by Spaniards, but the great majority of the estates which are referred to in this petition are owned by Filipinos.

In presenting a petition by the Iloilo Chamber of Commerce and Agriculture, asking that the duty upon Philippine sugar into the United States be wholly removed, it seems proper to explain that the character of this body differs very materially from that of other bodies known as boards of trades and chambers of commerce.

The Iloilo Chamber of Commerce and Agriculture, whose president, Hon. Raymundo Melliza, is the distinguished and patriotic Filipino governor of the province of Iloilo, especially represents, and is composed, to a large extent, of the native inhabitants and others actually engaged in the production of sugar upon Negros, the only important island of the Archipelago whose people have never raised the sword against the American flag, but who, surrounded as they were by the smoke of insurrection, adopted and raised that emblem of freedom and justice of their own free will, asked for American civil government, and since receiving it have lent their best efforts to maintain it.

This organization in addition to its commercial functions has a patriotic purpose, and thus it has incorporated in its constitution as one of the prominent reasons for its existence, the clause "to support the Government and aid by all proper means the enforcement of its laws."



Of the sugar exported from the Philippine Islands, 97 per cent, as shown by statistics, is shipped through the port of Iloilo, and practically all of this is produced upon the island of Negros. Hence it will be understood that the Iloilo Chamber of Commerce and Agriculture properly represents the cane planters and the sugar industry of the islands.

These intelligent people, some of whom were educated in the United States and others abroad, knew when they voluntarily adopted the Stars and Stripes as their standard and sought American control, that they were placing themselves and their future in the hands of a people too great, too generous, and too fair to take advantage of their weakness or deny them any portion of their rights.

So during these last six years when they have suffered in silence from disastrous business conditions, resulting famine and distress, which might have been relieved by our timely action with not the slightest evil result to any interest within the mainland territory, they have never regretted their choice nor murmured against those in whom they trust, resting securely in the belief that when the facts should become known to the American people justice would speedily be done, as it must.

They know that relief can come to them only through action by Congress, and based upon their reasoning thus far, no doubt can rest in their minds but that such action will be taken as will give to them the same economical consideration accorded to all other Territories and islands belonging to the Republic.

They believe that, having been deprived, through the change of sovereignty, of the markets and considerations formerly extended by the Spanish Government, the American people will extend to them the markets of the United States as unrestrictedly as the Spanish markets were extended in former times by the mother country.

These people have certainly been tried in the fire of adversity, and have remained firm in their convictions to the verge of financial ruin. In view of their attitude, they are entitled to the utmost consideration from the home Government, which can only in justice grant their petition.

They expect it because it is right, and they conceive of no action toward them by the American people based upon any other principle.

This confidence has been inspired in them by a study of our history and traditions and through the teachings of your representatives.

They would expect it even though the result might cause a slight ripple in the American sugar market.

This, however, is an impossibility, as will clearly appear from an examination into the conditions surrounding the production of sugar in the Philippines and the markets available for its consumption.

It is doubly certain that the abolishment of the present import duty against Philippine sugar, could not affect to the slightest degree the sugar industry or interests within the United States, because, first, it would not divert the Philippine exportations from their natural channel to the United States, and, second, because if the whole Philippine product, consisting of less than 100,000, and never having exceeded 250,000, tons should, by some unforeseen cause, be drawn to the American market, it could not, on account of local conditions, be

sufficiently increased to play more than an insignificant part in furnishing the supply imported into the United States from foreign countries.

Mr. GROSVENOR. Into the United States from foreign countries?

Colonel COLTON. Yes, sir.

Mr. GROSVENOR. What good will it do for the Filipinos, then?

Colonel COLTON. We need the competition, and we want you to fix the price of Philippine sugar. If it is worth \$10 in New York the Chinese merchant will pay the \$10, less the freight to New York.

Mr. WILLIAMS, of Mississippi. The theory is that it will just displace that much sugar imported into the United States from other countries, and they will get the market price for their sugar, if it comes here?

Colonel COLTON. There is no question in my mind that the sugar that is grown in the Philippine Islands will go to China and Japan eventually, because there is not sugar enough to furnish them with the sugar they need at the present time. No Chinese merchant will pay any more for sugar than he has to.

Mr. CLARK. Is it true that the Chinese are just learning to eat sugar?

Colonel COLTON. Yes, sir.

Mr. CLARK. They have been a long time learning it. [Laughter.]

Colonel COLTON. Sugar was unknown in the interior of China up to within a few years ago, and the sugar of the Philippines that used to be sent to Hongkong was refined there and reexported to Australia and elsewhere.

Mr. GROSVENOR. Do the little Chinese like a sweet thing as ours do, or do they have to acquire the taste for it? I am asking about this seriously.

Colonel COLTON. I do not know. They have only had sugar for the last fifteen or twenty years.

Mr. DALZELL. If the Philippine sugar is not coming to the American market, what difference does it make to them what the price is?

Colonel COLTON. That is what we want—your help in fixing the price.

Mr. FORDNEY. In your statement you said that by reducing the duty on sugar coming to this country it would increase the sale of Philippine sugar to China and Japan?

Colonel COLTON. If you will let me proceed with this statement, I think your question will be answered.

Mr. FORDNEY. I thought you were through. I beg your pardon.

Colonel COLTON. The natural market for the Philippine sugar is China, and to that market it will go, but at the price fixed by competition.

Twenty years ago sugar was unknown in the interior of China, and the small quantity shown by statistics to have been shipped there was refined in Hongkong and reexported to Australia and elsewhere. During recent years, however, owing to the fact that no profitable market has been open to Philippine sugar, Chinese merchants have taken it in continually increasing quantities, but at a sacrifice to the producers, and gradually introduced the use of it among their people until it has become a commonly known commodity and domestic necessity in that country.

The consumption of sugar in China, like that of flour, is increasing so rapidly that the possibilities of the future are incalculable. Flour importations have increased tenfold in ten years and there seems no limit to the amount those countless millions will be able to consume. This is true of any food stuff which is well received by the Chinese people and the price of which can be kept in reach of either the masses or the middle classes.

Ten years ago the Philippines sent but little sugar to China for consumption, but during the last few years of unfortunate market conditions China has become the dumping ground for that unprofitable product, where it is consumed in its raw state.

The trouble with the Philippine sugar industry is not a lack of near-by consumers, but the low price at which the product must be sold. The shrewd Chinese merchant is not apt to pay more for a product than it is worth in the markets of the world. He knows perfectly well that by offering the equivalent or even a little less than European or American values, whichever happens to be the higher, taking into consideration the difference in freight and other expenses attending long shipments, he will be able to buy the Philippine sugar, because his market is within four days' sailing from the Philippines, settlements are more easily, quickly, and always more satisfactorily made, and, most important of all, he is compelled to ask no questions about polarization, as sugar is sold and bought in China entirely upon its color.

The Philippines are so situated geographically and the market conditions such that China will continue to buy the island sugar without competition and, therefore, at such ruinous prices that the industry must be wiped out unless relief is given. The Philippine planters, in requesting the removal of the tariff against their sugar, ask, in effect, that the home Government assist them by that means to obtain a fair price for their product from their present consumers, the Chinese, and the assistance will be none the less appreciated because it costs nothing.

Any fear that the removal of the tariff will endanger the sugar industry in the United States appears at once ridiculous when the facts are known. In their most prosperous year, the Philippines produced but 7 per cent of the quantity imported into the United States last year, and the crop of that year would be an insignificant quantity in comparison with the American imports for any year of the last half century.

During the fiscal year 1904 the United States imported, in round figures, 4,676,000,000 pounds of sugar, whereas the total exportation of the entire Philippine Archipelago amounted to less than 166,000,000 pounds, or, say,  $3\frac{1}{2}$  per cent of the American imports. It does not seem possible that any reasonable person should be alarmed by the removal of the tariff from this drop in the world's supply, produced by our own people in our own territory, 10,000 miles from our mainland shores and alongside a nonsugar-producing country having more consumers than any other on the globe.

It has been suggested, however, that if the tariff were removed the production might be enormously increased at once, and the whole lot exported to the United States. The first possibility is disposed

of by the well-settled fact that Philippine sugar will go to China in preference to either Europe or America at the same or a slightly lower price. China must now have the sugar and will pay what competition forces, but no more.

The possibility of an increase in the production over the crops of former years, when the industry was on a paying basis, is exceedingly remote, for the reason that neither labor nor work animals are available. It is with the greatest difficulty that planters obtain sufficient labor to work the diminished crops now grown, and can only do so by paying a large share of the season's wages in advance, which often results in loss.

The absence of thrift or industrial habits, which generally characterizes the Filipino laboring classes, renders it exceedingly difficult to largely increase the production of any article dependent upon manual labor. An increased wage does not always insure greater industry. It is as likely to suggest fewer working days to earn the necessary amount to sustain life.

There was a long period when the production of sugar in the Philippines yielded large profit, and planters exerted every effort to increase their output to the utmost extent; but owing to the labor condition outlined they were never able to force the production much beyond the normal crop of from 100,000 to 150,000 tons.

One of our most serious difficulties in treating with the Filipino people has been, and undoubtedly will continue to be, the lack of any real conception of oriental, and particularly Malay, character. The laboring classes are generally what we should call improvident. They live for the day and let to-morrow take care of itself. They do not see any need of acquiring a competence, and savings banks are unknown. The tropical climate and local conditions are largely responsible for this. In ordinary years no serious effort on their part is required to maintain themselves according to their customs in comfortable estate. Therefore the great majority of them decline to work even when the opportunity is offered, and stoically take the consequences of their lack of thrift as the times change. The Visayans, however, who inhabit the sugar-producing islands, have learned more industrious habits through pressure by the native sugar planters, and now depend almost entirely upon the occupation which the sugar industry affords as a means of livelihood. But it is to these people alone, whose working capacity has now been fully developed and is known, that the planters must look for their labor, for, owing to race prejudice and the lack of desire to work, it has been, and will always be, impossible to induce natives of other islands to enter the Visayas or assist in the work.

From personal observation of the conditions and a careful study of the people engaged in producing sugar in the Philippines during a residence there covering the period of American occupation, I am firmly of the opinion, as all agree who have studied the question on the ground, that an increased price for the product, which might be brought about by the competition that would be furnished by the removal of the customs tax in this country, would only result in a return to the normal production attained in years past when the market conditions have been favorable. Further extension of the industry

can only occur very gradually through an increase in the population of the sugar-producing islands or the importation of cooly labor, which is prohibited.

Thus free trade in sugar with the United States would benefit our people to the extent of the present tariff, less the freight to New York; enable the employment of our available labor in the remunerative production of sugar; bring back prosperity to our impoverished islands, and with it contentment and appreciation on the part of these loyal people, while not adding materially to the exports from the islands to the United States and in no way competing with the beet-sugar growers of America. New York would still fix the market price which the Chinese merchants would have to pay for our crops, as it does to-day, the difference being that such market price would be natural and untrammelled, and the American people would be extending a helping hand to the most industrious and loyal inhabitants of their oriental possessions without disadvantage to themselves.

The CHAIRMAN. Have you a paper there of your own?

Colonel COLTON. What I just read to you was my statement.

The CHAIRMAN. Now, I understand you to say that sugar was imported into Spain from the Philippines free of duty prior to the annexation of the Philippines. In one of those papers that you read that statement is made.

Colonel COLTON. No, sir; it was not, that I know of.

The CHAIRMAN. What was the duty?

Colonel COLTON. I do not know what it was.

The CHAIRMAN. I think one of those papers said that they had free trade.

Colonel COLTON. Yes; that is in the petition of the Iloilo Chamber of Commerce.

The CHAIRMAN. I think that said that they had free trade with Spain.

Colonel COLTON. Possibly that is true.

The CHAIRMAN. You do not know the conditions prior to the annexation?

Colonel COLTON. No, sir.

The CHAIRMAN. What I wanted to get at is, have you any statement of the prices of sugar from year to year, going back ten years, say, in Manila?

Colonel COLTON. Iloilo is the sugar port, and I believe that the prices have ranged from \$3 to \$5 since the American occupation.

The CHAIRMAN. Is that Mexican dollars?

Colonel COLTON. Yes; in Conant and Mexican.

The CHAIRMAN. When was that?

Colonel COLTON. Since the American occupation.

The CHAIRMAN. How was it before that?

Colonel COLTON. It was higher, I think.

The CHAIRMAN. You know that it was higher, but you do not know the extent?

Colonel COLTON. I do not know the exact extent.

The CHAIRMAN. I wanted to see what the effect of free sugar was with Spain when Spain had a duty of 5 cents a pound on the sugar of the rest of the world. You do not seem to be able to give me that.

Colonel COLTON. No, sir.

The CHAIRMAN. And the highest product was 250,000 tons a year, the highest that it attained?

Colonel COLTON. Yes, sir; approximately.

The CHAIRMAN. I understood you to say in answer to my question, and I asked it again because it has been so many times represented that one planting of sugar would last for ten or fifteen years, that you are positive of your own knowledge that it requires an annual planting?

Colonel COLTON. The sugar planters who make a business of that in the Philippine Islands plant their sugar every year.

The CHAIRMAN. And that is done through the islands?

Colonel COLTON. Yes, sir.

Mr. CLARK. How much is sugar land in the Philippines worth?

Colonel COLTON. About \$50 in gold an acre.

Mr. CURTIS. Fifty dollars in gold?

Colonel COLTON. Yes, sir; good sugar land.

Mr. CLARK. I want to ask a question about the Chinese. I believe that is the most astonishing thing that I ever heard.

The CHAIRMAN. In connection with what I was asking a moment ago, how long does it take to grow a crop of sugar there? I heard that it took eighteen months.

Colonel COLTON. No, sir; it takes less than a year.

The CHAIRMAN. I wanted to know that for information.

Mr. CLARK. It is a very short passage from the Philippines over to China, comparatively, is it not?

Colonel COLTON. Yes, sir.

Mr. CLARK. Is it generally supposed that the whole Chinese people will finally be educated up to eat sugar? [Great laughter.]

Colonel COLTON. They are being educated very rapidly at the present time.

Mr. CLARK. If they did take to it universally they would put up the price of sugar all over the world to double what it is now. [Laughter.]

Colonel COLTON. That may be what it is coming to. They have not got to it yet.

The CHAIRMAN. The sugar in the Philippines is an annual crop?

Colonel COLTON. It is an annual crop.

Mr. HILL. Colonel Colton, do I understand that it is the practice to plant and replant the same fields each year, or to rotate from one field to another?

Colonel COLTON. My understanding is that they are able to plant the same fields every year.

Mr. HILL. And they make no use at all of the smaller second crop?

Colonel COLTON. No, sir; not as a rule.

Mr. HILL. They cut it down?

Colonel COLTON. Yes, sir; that is my understanding.

Mr. HILL. Can you give us any statement of the experience of the Iloilo sugar shippers with reference to the trade in the United States since American occupation? Has the trade been satisfactory in the commercial transactions?

Colonel COLTON. No, sir.

Mr. HILL. Will you tell us what the trouble has been, if any?

Colonel COLTON. Well, they claim, and, although they have not said

so in this petition, they have intimated, that on a falling market they get the worst of it.

Mr. HILL. How do they get the worst of it?

Colonel COLTON. In the commissions.

Mr. HILL. And that trouble does not exist in the trade with China or Japan?

Colonel COLTON. No, sir.

Mr. HILL. Now, another question with reference to tobacco. Outside of the sugar, which you have stated would, in your judgment, play little or no figure, as very little sugar would come to the United States even if they had free trade, but that it would go to the market where they had more satisfactory trade relations and a nearer-by market, you say that what they want is to get the benefit of the protective market in the United States by a higher and more profitable price, and so work the market that is nearer to them. That is the situation so far as sugar is concerned. Would that work in regard to tobacco in China and Japan and throughout the Orient generally?

Colonel COLTON. I do not think to such an extent.

Mr. HILL. Would there be a comparatively larger shipment than now of tobacco and cigars, and so forth, to the United States if this tariff was reduced?

Colonel COLTON. There would be a very much larger proportion of tobacco and cigars come to the United States than of sugar.

Mr. HILL. Why does the United States now ship to the Philippine Islands cigarettes, with so much cheap tobacco and cheap labor in the Philippines?

Colonel COLTON. Because the Philippine tobacco is an entirely different class of tobacco, and a great many people will not smoke it.

Mr. HILL. They do not produce a good quality of cigarettes there?

Colonel COLTON. People who go over there from the United States learn to use cigarettes, but they are not supposed to be as good or as well made as the American cigarette is.

Mr. HILL. Before these hearings began, I said to my tobacco growers in Connecticut, a week or two ago, that from personal observation I thought, it was my judgment, that there was no occasion to fear Philippine competition on tobacco, because I thought that with freer trade between the Philippines and the United States Connecticut tobacco-wrapper growers would sell to the Philippine Islands a great deal of tobacco in the form of wrappers to wrap their cigars.

In your judgment, was I wholly wrong or partially right?

Colonel COLTON. I think you were probably correct.

Mr. HILL. Then you think that the opportunity for the trade in the Orient, a better trade and better commercial relations, would tend to increase the trade in that direction, rather than in this?

Colonel COLTON. Yes, sir.

Mr. HILL. Both on sugar and on tobacco?

Colonel COLTON. Yes, sir.

Mr. HILL. That was my judgment.

Mr. DRISCOLL. What effect do you think it would have in cigars?

Colonel COLTON. I do not know.

The CHAIRMAN. Mr. Fordney, you asked a question a while ago.

Mr. FORDNEY. The question that I asked I thought that I had permission to ask. I had no right outside of that. But I meant to ask Colonel Colton if, by reducing the duties on sugar coming

into the United States it would reduce the sales to China, how could you expect that it would not increase the competition of that sugar in our markets? You stated in that petition—or that petition stated and you read it—that by reducing the present duties on sugar produced in the Philippine Islands and coming into the United States, it would increase the sales of Philippine sugar to China.

Colonel COLTON. I did not say that.

Mr. CURTIS. He said that it would increase the price.

Mr. FORDNEY. Now, he said that there was no fear of the sugar coming here; that it would send that sugar to China.

The CHAIRMAN. It goes there now, Mr. Fordney.

Mr. FORDNEY. That is true, and is it not true to-day—

Colonel COLTON. What I say is, that the natural market for Philippine sugar is in China, and if sugar is worth \$10 in New York it will be worth \$10 in Hongkong, less the freight to New York; and if the duty is taken off here we will get the benefit in the Chinese market. What I say is, that the natural market is always in China and Japan, and that sugar is not going to come 10,000 miles to this market when it has within three or four days' sailing the market of Hongkong.

Mr. FORDNEY. The sugar producers in Michigan, producing beet sugar, claim that it costs a trifle over 4 cents a pound to make a pound of sugar from beets there in Michigan, and all the information that I have, and a part of that comes from a statement made by Secretary Taft, is to the effect that Philippine sugar can be produced, the freight paid, and the present rate of duty paid, and the cost of refining in this country paid, and it can be put upon the market in San Francisco for 2½ cents a pound, which gives it an advantage of 1½ cents a pound over the beet sugar now. Is not that enough?

Colonel COLTON. Philippine sugar will probably never come to San Francisco, because there is no reason why it should. When you fix the price of it in China the sugar will go there at the price you fix. We are not looking for a market. We want the duty taken off of Philippine sugar here so that we will get the benefit in the Chinese market.

Mr. HILL. Why do you not have to meet in China the competition of Java and Borneo, where the price is fixed by Hamburg?

Colonel COLTON. Because the Chinese do not buy it. The Java sugar is 99 per cent, and it can come to this market or go into any other market and compete with any other sugar; but the Philippine sugar is low-grade sugar.

Mr. HILL. Which the Chinese take?

Colonel COLTON. Yes, sir.

The CHAIRMAN. Why is it low grade? Is it on account of the process of raising, or manufacture?

Colonel COLTON. That may be partly it. I do not understand it; but it is true that it is a lower grade sugar. Eighty-eight degrees is the highest, probably.

The CHAIRMAN. It has been stated here that it was owing to the crude way that they had of raising it and extracting the juice from the cane. Do you know whether that is true, or whether it is on account of the climate or the soil?

Colonel COLTON. I do not know that; no, sir.

Mr. FORDNEY. I fail to quite understand the position taken by the



gentleman, that by reducing the duty on Philippine sugar, as it is proposed in this bill, to 25 per cent of the present Dingley tariff, which would amount to 85 cents a hundred pounds, thus enabling the refineries of this country to get cheap sugar from the Philippines, reducing the price of the raw material to the refiner here, it would benefit the Philippine producers in the market of China by reducing the price in the Chinese market.

Colonel COLTON. They will not pay more for it than it is worth in the markets of the world.

Mr. FORDNEY. They would be taking it at a less price than they pay for it to-day.

Colonel COLTON. They would pay a higher price if there is competition.

Mr. FORDNEY. But they will send it over here.

Colonel COLTON. It is not at all probable that it will come here.

Mr. FORDNEY. It does not come, and it will not come at  $1\frac{1}{2}$  cent less than it can go to any other market for.

Colonel COLTON. The price in China will be just as high as you make it here, and it will not come here. There is no reason why it should.

Mr. FORDNEY. That is the point. I can not understand why it goes there.

Colonel COLTON. Because there are 400,000,000 people there waiting to eat that sugar, and when the tariff is cut off here it will continue to go there and they will have to pay more for it.

Mr. DRISCOLL. Can not they get up a little competition between China and Japan on it?

Colonel COLTON. Japan is one of the Philippine sugar markets, but the tariff is so high that our sugar is at present shut out.

Mr. FORDNEY. Then you contend that reducing the price in this country, it will raise the price in China?

Colonel COLTON. I contend that the Philippine people, the sugar producers, will not ship their sugar 10,000 miles over here where they have unsatisfactory market conditions when they can sell it on three days' shipment to China, which will be one of the biggest sugar markets in the world.

Mr. FORDNEY. Is it not true that they send some of it here?

Colonel COLTON. They do, but on speculation, and there has not been a particle of sugar shipped to the United States on which they have made a cent since American occupation.

Mr. FORDNEY. Is it not true that they have shipped it here?

Colonel COLTON. Yes; and every bit of it that they shipped to the United States was a loss—went into bond and could not be sold when it arrived here.

Mr. CURTIS. Are the shippers satisfied with their shipments to the United States?

Colonel COLTON. Never, and never have been since the American occupation.

Mr. CURTIS. You have been over there quite a while, and I notice that you have quite a number of statistics. Have you anything else there that would be of benefit to this committee in considering this question in the way of statistics?

Colonel COLTON. I will look up what I have, and if I find anything that I think you would want I will leave it with you.

Mr. CURTIS. I wish you would.

Colonel COLTON. I think possibly I have something here.

Mr. CURTIS. How many islands are there over there where sugar can be produced at a profit for the market?

Colonel COLTON. Sugar has been produced on a small part of Luzon, but the only sugar produced of any note in the group is raised on the island of Negros.

Mr. GROSVENOR. How large is that?

Colonel COLTON. It is about the fifth island in the group.

Mr. CURTIS. Can you tell me whether or not the exportation of sugar from the Philippines to China and Japan has increased any during the last two or three years?

Colonel COLTON. Yes, sir; it has increased.

Mr. CURTIS. How much?

Colonel COLTON. The Philippine sugar twenty years ago came almost all of it, to the United States in American bottoms, but practically none comes here to-day, and it has gradually been going to China.

Mr. GROSVENOR. That may be because there are no American bottoms.

Mr. CURTIS. The importation of sugar to China and Japan has materially increased of late years?

Colonel COLTON. Yes, sir.

The CHAIRMAN. Can you give the grade of the sugar that they produce there—the average grade, in degrees?

Colonel COLTON. There are four grades.

The CHAIRMAN. I know, but can you give it to me in degrees.

Colonel COLTON. Eighty-eight degrees is the first, I think, and 79 degrees, I think, is the second grade. Would you like these grades? I have them here.

The CHAIRMAN. Do you know what per cent of it is 88 degrees and what per cent the other grades? What per cent of it is 88 degrees?

Colonel COLTON. No. 1 is 88 degrees, No. 2 is 85½ degrees, I think, and No. 3 is 81 degrees, and damp is about 70 degrees.

Mr. NEEDHAM. What are the proportions of each class?

The CHAIRMAN. What percentage is of the first class?

Colonel COLTON. No. 1 is one-fourth, No. 2 is three-sixteenths, No. 3 is nine-sixteenths—that is, No. 3 and damp.

The CHAIRMAN. No. 3 is how many?

Colonel COLTON. No. 1 is one-fourth, No. 2 is three-sixteenths, No. 3 and damp is nine-sixteenths.

Mr. CURTIS. Right there I would like to ask you a question. What effect has the production of sugar there had upon the increase of wages in the last few years, and has there been any increase of wages paid to the laborers who work on sugar plantations?

Colonel COLTON. I think the wages have been generally increased throughout the islands. The greatest increase in the cost of production there, however, has been in the price of rice.

Mr. CURTIS. In the price of rice?

Colonel COLTON. Yes, sir. It used to be raised in the Philippines, but is now largely imported from China, or has been in the last few years.

Mr. CURTIS. That is what they use for food?

Colonel COLTON. Yes, sir.

Mr. FORDNEY. Would you permit me, Mr. Chairman, to ask one more question?

The CHAIRMAN. Certainly.

Mr. FORDNEY. I want to ask you, Colonel, this question. There was a special agent appointed whose name was Oswald A. Stephen, who got his commission in February, 1902, and was sent to the Philippine Islands for the purpose, and went to Cebu and Negros with a view to the selection of a site for a model sugar estate. In the report of the Philippine Commission, at pages 634 and 635, this language is found, which is a portion of his report:

Adjoining and in the vicinity of a model sugar estate there should be enough farms now raising sugar, whose cane could be ground at the model mill, the return from which being carried to the credit of the mill would pay off the indebtedness of the mill and farm in five and a half years at present prices of sugar and under present conditions.

Is that true, in your opinion?

Colonel COLTON. I doubt it very much.

Mr. FORDNEY. This was a special agent appointed by the Interior Department in 1902. He goes further and states that from the average land he finds that 40 tons of cane can be produced to the acre, 8 tons of which will make a ton of sugar, and that sugar can be produced under present and modern methods, with the present kind of labor and farm implements, at a cost of 62½ cents per hundred pounds.

Colonel COLTON. Two tons an acre is the normal crop under favorable circumstances.

Mr. FORDNEY. This man says 5. You think that he is not correct?

Colonel COLTON. I think that it is very much too high.

Mr. CURTIS. You have been on the island how many years?

Colonel COLTON. Six years.

Mr. CURTIS. On this particular island?

Colonel COLTON. I have not been on Negros, but I have been at Iloilo, on Panay. That is the market to which the sugar goes.

Mr. CURTIS. You have been there how many years?

Colonel COLTON. Six years.

Mr. DALZELL. Is that language which you have just read in print, Mr. Fordney?

Mr. FORDNEY. Yes, sir; it is in the report of the Philippine Commission. With your permission, I will quote from said report as follows:

[From report of investigations in the islands of Cebu and Negros with the view to the selection of a site for a model sugar estate, by Oswald A. Steven. (Report of the Philippine Commission, p. 633.)]

Upon receipt of my commission as special agent of the Interior Department, dated February 10, 1902, and also your letter of instructions, dated February 11, 1902, I proceeded, as per your instructions, to the islands of Cebu and Negros for the purposes of examining lands on these two islands and to select a suitable site for a model sugar-estate experimental farm, and later, as per your telegram, to combine therewith an industrial school. \* \* \*

*Sugar.*—The tendency of the sugar planter in the Philippines is to grow sugar on the low, level lands, where the soil is largely the same over the entire islands—namely, a black, heavy soil or a brown loam. With an abundance of level land the planter has not been compelled to cultivate the higher mountain lands nor a different soil from that he is conversant with, but immediately following the natural increase in the cultivation of lands to sugar, from modern methods of agriculture and machinery, demonstrating

the immense profits from the proper cultivation of sugar, these other soils and elevations will be brought under cultivation, and a cane seed especially adapted for such soil or elevation will have to be primarily grown by the experimental station, and hence the actual necessity for varied soils and elevations.

[Pages 634, 635:] Adjoining and in the vicinity of a model sugar estate there should be enough farms now raising sugar whose cane could be ground at the model mill, the returns from which, being carried to the credit of the mill, would pay off the indebtedness of the mill and farm in five and a half years at present prices of sugar and under present conditions.

These mentioned requirements, together with the fact of suitable soil as to quality and depth, is what I am certain is necessary to the site upon which is built a model sugar mill and experimental station.

The CHAIRMAN. Does that say anything about their having followed out that advice in the Hawaiian Islands, and about their going back under the foothills and getting into trouble over it because of the lack of cheap labor, and that sort of thing; because of having extended their production so far as they have and getting into trouble, and raising an extra 300,000 to 500,000 tons? This special agent, as I understand, advises them to go into the higher lands and cultivate sugar.

Now, in the Hawaiian Islands—and I suppose the same condition is true in the Philippine Islands where they have to irrigate—the cost of irrigation has been so great that the venture has not proved profitable, and they are asking for relief on account of that.

Mr. FORDNEY. This is quite a lengthy report, and it is in the record already, as I understand.

Mr. CURTIS. What is the average crop per acre of cane from the islands, of sugar—how many tons?

Colonel COLTON. About 2 tons in a good year.

Mr. CURTIS. About 2 tons; that is the average crop?

Mr. FORDNEY. Two tons of cane or 2 tons of sugar?

Colonel COLTON. Two tons of sugar.

Mr. CURTIS. Is that 2 long tons or 2 short tons?

Colonel COLTON. Two long tons.

Mr. HILL. Speaking of shipments of sugar from Iloilo to New York, what was the ground of complaint in regard to those shipments—unsatisfactory quality or simply the falling market?

Colonel COLTON. The claim was not very distinctly made, but it is felt by all the sugar people there that on a falling market they always get the worst of it on the commissions. I do not understand it myself.

Mr. HILL. Do you remember what the average rate of freight was from Iloilo to New York?

Colonel COLTON. No, sir.

Mr. HILL. You do not know what the average duty was that was paid on that grade of sugar?

Colonel COLTON. No, sir.

Mr. HILL. Of course that would not come back to you at all?

Colonel COLTON. No, sir.

Mr. CURTIS. I understand that it is said there that there were no shipments of sugar from the Philippines to San Francisco. Do you know anything about that?

Colonel COLTON. I never heard of any. They are always for New York.

Mr. CURTIS. They are always for New York?

Colonel COLTON. Yes—that is, to the eastern ports of the United States.

Mr. HUMPHREY. I would like to clear up one thing on which there seems to be a misunderstanding. Sugar is always sold in the American market in this way. The Philippine sugar producer complains about the falling prices, and says that he always gets the worst of it on a falling market. We all do. We sell on thirty days' time, and if at the end of the thirty days sugar has gone down we lose that much of the price, which is the way the Filipinos do, too.

Colonel COLTON. I did not make a positive statement that that was so. I said that that was the impression caused by some actual transactions.

Mr. HUMPHREY. It is the actual fact that we all get the same thing.

Mr. DRISCOLL. If the market goes up do you get the benefit?

Mr. HUMPHREY. No, sir. If the market goes up we get the agreed price, but if the market goes down the sugar producers have to stand the loss.

The CHAIRMAN. It takes so much longer to get the Philippine sugar to our market that they are likely to get a great deal more the worst of it on their sugar than the American producer gets on his.

Mr. HUMPHREY. Yes, sir; that is true.

Mr. WATSON. Is there any hemp produced on the island of Negros?

Colonel COLTON. Very little.

Mr. WATSON. Is not the soil adapted to it?

Colonel COLTON. No, sir.

Mr. WATSON. As a rule, the same soil that produces sugar is also adapted to the production of hemp?

Colonel COLTON. No, sir.

Mr. FORDNEY. Do you know what proportion of the Chinese market the Philippines enjoy now?

Colonel COLTON. What proportion?

Mr. FORDNEY. Yes; what proportion of the sugar imported into China now comes from the Philippine Islands?

Colonel COLTON. No, sir; I would have to have the Chinese statistics to give you that.

The CHAIRMAN. We will have to adjourn now. The committee will be in recess until 10 o'clock to-morrow morning.

(Thereupon the committee took a recess until to-morrow, January 28, 1905, at 10 o'clock a. m.)

## DUTIES ON PHILIPPINE PRODUCTS.

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COMMITTEE ON WAYS AND MEANS,  
HOUSE OF REPRESENTATIVES,  
*Washington, D. C., January 28, 1905.*

The committee met this day at 10 o'clock a. m., the Hon. Sereno E. Payne in the chair.

The CHAIRMAN. Secretary Taft, you may proceed when you are ready.

### STATEMENT OF HON. WILLIAM H. TAFT, SECRETARY OF WAR

Secretary TAFT. Mr. Chairman and gentlemen, in presenting arguments why this bill should pass, or rather in meeting the arguments as to why it should not pass, I feel at very considerable disadvantage, because we have not had, as we should have had, to assist us in meeting the technical arguments, persons who were familiar with the sugar and tobacco trades in this country and the Philippine Islands, and who could have advised us upon a good many points with respect to which now we have to accept the statements of the other side.

While I have no doubt that the other side is earnest and sincere, nevertheless the gentlemen of the committee who have had familiarity with the weighing of evidence know that the interest sometimes affects the judgment. We had hoped to have here a gentleman named Dieterman, representing the great firm of Bare, Senior & Co., of Manila, who is entirely familiar with the tobacco interests and the facts with respect to the Philippine tobacco culture and manufacture; but in some way or other he has been lost on the trip around the world. We lost him at Cherbourg, and have not been able to discover his whereabouts since.

Mr. HILL. A gentleman informs me that he has just registered at the Arlington Hotel.

Secretary TAFT. Then we shall have the benefit of his presence this morning. I wish that he had registered before, so that I might have consulted him before I addressed you on this subject.

First, I would like to invite your attention to the relations of the Philippines to the United States. This country, belonging to the United States, we hold against the will of a considerable minority in that country, and we have held it on the altruistic principle that being

forced into a position where we have had to take control, we are not permitted to release control so long as a release will be to the detriment of the body of the people of the islands. We thus have imposed on us the trust of developing those islands so far as we may politically, educationally, and in a business way. In a business way especially, because if a parent or guardian does not keep his child's or ward's stomach full, all the political and moral maxims and all the liberty that can be given will be entirely useless and unsatisfactory.

It is said that we are to treat them as we have Cuba, and the President's message is quoted on that subject. I assume that what the President meant when he used the expression was that the time might arise in the development of the Philippines when a relationship like that now existing between Cuba and the United States would be thought wise by both parties to the relationship. But that is so far in the future that just what the relationship will be is entirely a matter of conjecture. Certainly for a generation, and probably more, the archipelago is a part of the United States, and logically it seems to me that to erect a tariff wall between that country and this, except for the moment, and only during a continuance of conditions which are exceptional, is just as illogical as to erect a tariff between Pennsylvania and Ohio. In other words, the trust that we have assumed imposes upon us the obligation to treat them as part of us, and therefore when anyone comes forward and asks to have a tariff imposed, the burden is greatly on him to establish the necessity for it.

Until 1909 an exceptional condition exists with respect to the relation of this country to the Philippines, which grows out of the treaty of Paris, in that by the treaty all commercial favors extended to the United States with reference to the external trade of the Philippines must be extended to Spain also; and if extended to Spain it will be impossible to prevent the same opportunities going to other countries. Before the islands ceased to be Spanish territory English, and German, and Swiss houses established themselves in Spain for the very purpose of obtaining the privileges of trade that Spanish merchants under the Spanish régime had with the Philippines.

Hence, until 1909—the treaty went into effect in April, 1899, and it is for ten years, which takes us to 1909—we may reasonably expect that a tariff must be imposed for purposes of revenue on goods going from the United States to the Philippines, and that some tariff may be reasonably imposed on some of the products of the Philippines coming here. But ultimately we must look forward to free trade in the home products of each country.

I am delighted to have this issue raised before this great committee. I suppose this is the first of a number of serious discussions of the question, but concerning the ultimate result I doubt if any member of the committee has any question. The result is certainly that free trade relations will ultimately be established between these islands and the United States with respect to the products of those islands. And why do I say so? I say so because you gentlemen by your vote have passed a law that is not only absurd but utterly unjust, unless there is to be free trade between the islands and this country. You have required that in 1906 American bottoms shall carry everything that goes between this country and the islands, either way.

Is it possible that the House of Representatives or the Senate of the United States can enforce upon these people a domestic policy with

reference to the carriage of goods, and yet shall withhold the opportunity of enjoying the markets of this country from those people? No, sir; I am not willing to think that. I do not think that Congress will be so unjust; and I say to the representatives of these special interests here assembled that because of that act and because Congress has put itself on record they may as well put their houses in order, for the American people are not going to allow special interests to interfere with a great policy that will do this country honor, and failure to pursue which will be a disgraceful breach of trust.

Now, you have given free trade to Porto Rico. In regard to Porto Rico, these same gentlemen, representing the same special interests, were just as certain that by granting to Porto Rico the privilege of our markets you were going to destroy these two industries and affect most injuriously the labor interests of this country.

Will anyone rise and say that those prophecies have proven true? Have the tobacco, cigars, and sugar of Porto Rico, although their sale here has greatly benefited Porto Rico, created the slightest ripple in the sugar, tobacco, or cigar market of this country? You are now told that you will destroy those same interests if you allow the products to come in from the Philippines. It is only a repetition of the same timorous but unfounded cry, and I venture to say that when the question will come up again, as it probably will come up, with reference to the treatment of Cuba, the business in sugar and tobacco that will be brought here from the Philippines under a free-trade law will play just as unimportant a part with reference to that discussion as the business from Porto Rico plays with the discussions here to-day. I can not even find out what the price of Porto Rican cigars is now. Neither Porto Rican sugar nor tobacco has figured at all in this discussion.

The question of how we were to treat those islands I presume was decided at the last election. Perhaps this will not meet the concurrence of the Democratic members of this committee. But certainly the Republican members can not say that that issue was not before the people and was not considered and fully discussed. I understand the verdict of the American people upon that issue to be in favor of retaining the islands indefinitely, until by their development, politically and in every other way, treating them as wards, we shall be able to set them on their feet governmentally. The question of how long that will be is a matter of opinion to be passed on in conformity with the conditions in the islands and the character of the people and the possibility of their development. No one who is really familiar with the conditions will think this necessary period to be less than a generation.

Mr. WILLIAMS. Do you mind my asking you a question there?

Secretary TAFT. Certainly not, Mr. Williams.

Mr. WILLIAMS. You mean that we are to keep them until politically and otherwise the time comes when they can be set upon their feet?

Secretary TAFT. Yes, sir.

Mr. WILLIAMS. Do you mean until from their own point of view or from an American standpoint they are fit to be so treated—are in a condition that would constitute self-governing capacity—or do you think it will be a condition which for a man of that sort entitles him reasonably well to set up house for himself?

Secretary TAFT. I do not mean that they are to be in the condition of the republic of Plato, Mr. Williams.



Mr. WILLIAMS. Do you expect them ever to have the self-governing capacity of Americans?

Secretary TAFT. I doubt if they do. I doubt if they ever reach that point.

Mr. WILLIAMS. Then the self-governing capacity of which you speak is not that of the highest ideal in the world; our own, for instance?

Secretary TAFT. No, sir.

Mr. WILLIAMS. And it is from the Philippine standpoint?

Secretary TAFT. Yes, sir.

Mr. WILLIAMS. Then there is not so horribly much difference between you and the Democrats after all?

Secretary TAFT. I do not think there is, when you get down to it.

Mr. WILLIAMS. I am glad to see you stepping one step nearer. My recollection of the original proposition was that we were to keep the islands eternally, and we thought that they ought to be at some time set upon their own feet. Now, it has narrowed down so that you want to set them on their feet at some time, but you want the date to remain in abeyance?

Secretary TAFT. That is practically it. So far as I am personally concerned, when they are in a condition where they will have a reasonable capacity for self-government, by the existence of an independent public opinion, when by the spread of information and education and through intercommunication between the islands they shall have assumed a national public feeling, and there is a real and intelligent public opinion which can be counted upon to restrain excesses and to hold those in power responsible, I shall be anxious to give them independence—if they want it, that is. If they do not want it, but prefer a bond which might become sweet on account of their coming within the tariff wall, and prefer to remain as Canada and Australia are toward England, all right.

Mr. WILLIAMS. Even then you would make them a self-governing colony?

Secretary TAFT. Yes, sir. I am in favor of setting them on their own feet as rapidly as possible.

Mr. WILLIAMS. That would be an autonomy in everything except with reference to their foreign relations?

Secretary TAFT. Yes, sir; and that is what the President looked forward to in what he said in his message. But in my knowledge of the people it seems apparent that it is necessary to postpone a separation, or even a qualified separation such as you speak of, for a generation; certainly long enough to introduce a system of education and to open up communication so that the people shall become a good deal more used to government than they now are.

The CHAIRMAN. That is a matter for another generation to determine?

Secretary TAFT. Yes, sir; and I think therefore that for practical purposes we ought to try this case as if they were permanently a part of the body of this nation for commercial purposes.

The present bill proposes a free entry of all products of the islands except sugar and tobacco, which are to pay 25 per cent of the Dingley rates. Now, I have heard a good deal during this discussion, and a good deal before, from the special interests represented here who proceed on the theory—and an entirely correct theory, and I am not disputing it—that the best place to have a boil is on somebody else's

body. They are willing to have the Philippines helped if they can be helped in a different way and by somebody else. They are anxious that the Philippines shall go out of the sugar and tobacco business altogether, and that we shall give free trade to the Philippines on coffee and rubber and all the other agricultural products of the tropics, and then impose a duty on those products against other countries, of which there are now \$200,000,000 worth brought into this country. I fully approve of that doctrine. I hope that it will come about. I think that it will be a sensible conclusion "to draw the pants and the vest together" by means of a tax imposed on such products, a small tax which will not materially increase the cost of tropical products, and yet, notably in the case of coffee, will pay quite a revenue into the Treasury of the United States, and will at the same time enable coffee growers in the Philippines and in Porto Rico to regard themselves as enjoying an advantage by reason of the fact that they are connected with America.

But while I am strongly in favor of that, that, it seems to me, forms no reason why we should not encourage all the industries of those islands so far as we may reasonably do so. Those islands have a number of industries. They have, first, the hemp. The hemp comes in free now. Sixty-five per cent of the products of the islands, of the exports of the islands, is hemp, and in respect to hemp in the islands the production of it is a monopoly, a natural monopoly. It is a production that has grown gradually during the last ten years, both because of the increased price, and because the conditions there drove people into the cultivation of something which did not require the use of draft animals so much as rice and sugar. You have had statements here, which are true, as to the prices per day which have been paid in the hemp provinces to wage-earners, running to 2, 3, 4, and 5, and sometimes as high as 6 and 8 pesos a day, because of the difficulty of getting labor enough to prepare and bring the hemp product to the market.

The hemp, as you gentlemen may know, is the fiber taken from a banana tree, a peculiar kind of banana tree, which has, I believe, some fruit, though very little, and which will not grow in any other country. It requires for its cultivation, or for its good growth, a good deal of rain, distributed rather evenly, and as the provinces differ with respect to the fall of rain, owing to the mountainous conformation in their neighborhood, some provinces are a good deal better for the growth of hemp than others; but the experiments of the island agricultural bureau and of the people have shown that the hemp can be grown and grown profitably in a great many more provinces than it was supposed would produce the plant before the recent disastrous conditions of agriculture prevailed.

In the outset—because, if I may say so, theirs has been an argument largely following out on the lines of that of Colonel Sellers in Mark Twain's book—the opponents of this bill have calculated that there were 50,000,000 acres of undeveloped land in the Philippines adaptable to sugar, and the owners could and would raise five tons of sugar to the acre, and with these 250,000,000 tons of sugar the producers would swamp the markets of this country—in the outset I invite the attention of this committee to this. With hemp at its present price and with no probability of its diminution, with the significant rise in wages in the islands with respect to the hemp industry, with the growth of hemp in

almost every province in the islands now, what prospect is there that the very expensive culture of sugar, which requires so much more capital than hemp does, is going to be gone into on a large scale?

The truth is that I am not here with the hope that the islands are going to become sugar islands. I shall be entirely content if the sugar industry is restored to the condition that it had in 1893 and 1894. We are here to save the sugar planters and to help them back to that condition in which they were before 1898, and under the Spanish régime, when they enjoyed a differential of 3 cents a pound on sugar imported into Spain over all the non-Spanish world, an advantage now wholly denied them. There is another industry that for some years has exported more of value than the sugar industry. That is the cocoanut industry, and the trees are being planted all over the islands, because after six years of waiting a cocoanut tree becomes capital for a hundred years. A cocoanut tree after six years will produce enough to rent for from about a peso (Mexican) to a peso and a half, and without any cultivation at all. And that, I may say, suits the native workman and the native capitalist exactly. All he has to do is to sit down and wait for these cocoanuts to grow, and the only labor connected with it is the clearing of the weeds from the bottom of the trees and the collection of the nuts from the tops of the trees. The cocoanut does not grow in all soils, but it grows very well along the seashore and along the lakeshore, and in some provinces, for instance in the province of Laguna, which is a rich province and had a good deal of sugar and rice land, the extension of the cocoanut industry has been so great that the cultivation of sugar and rice have practically faded out. That is not so true of the rice as of the sugar.

The CHAIRMAN. Will the cocoanut grow on the same land that sugar grows on?

Secretary TAFT. High land sugar?

The CHAIRMAN. Yes.

Secretary TAFT. Yes, sir; it will. Then there are other industries, as mentioned here. There are the rubber industry and the cacao industry as well as others, and then there is, in the islands, growing wild, camphor, the world's supply of which is at present produced almost entirely in the island of Formosa. We have the wild camphor tree in the northern part of the islands, and we are quite hopeful that that may be developed into an industry; and because of the few places in which it can be grown that it will become a valuable industry. We are not confined to sugar or tobacco, and we do not think that either—though we are quite agreed they are important industries in the islands—ought to be stamped out deliberately.

Now it is said that I am in favor of 25,000 acres instead of 2,500 acres as the area of a plantation, and that is pointed to as the beginning of a policy that is going to sweep the beet-sugar industry and the Louisiana sugar industry out of existence. Of course I am in favor of 25,000 acres instead of 2,500 acres, because—and that is solely in the sugar industry—that is the way to raise sugar profitably, and I think that it comes with a bad grace from a father or a mother or a trustee to pass an act that shall strangle an industry, and pass it deliberately for the purpose.

Mr. WILLIAMS. Do you think an estate as large as that is necessary for the carrying on of that industry?

Secretary TAFT. Yes, sir; I do, with the modern machinery.

Mr. WILLIAMS. They do not have estates as large as that in Louisiana?

Secretary TAFT. They do in Cuba.

Mr. WILLIAMS. You take an estate of that size, and does it not almost presuppose or necessitate a sort of peonage system?

Secretary TAFT. I do not think so, from the experience that they have had on the large estates in Negros. The truth is that in order to get the labor for those plantations as large as they are in Negros they have to send for six months to Panay and Bohol and Antique and to the other poorer provinces to get their labor. Now, if you have a mobile labor like that it is impossible to have a peonage system, and they have not any peonage system. They have a touch of slavery in Isabela, which is the tobacco province, but not for the tobacco industry. It is for domestic service. The slaves are taken from the hill tribes, and we are striving to stamp that out. But there is no peonage in Negros, or in any other of the sugar provinces.

Mr. CLARK. What machinery is it that requires a plantation as big as 25,000 acres?

Secretary TAFT. Perhaps 25,000 acres would be too large. I do not insist on that number; but 2,500 is too small.

Mr. CLARK. You mean that 2,500 acres would not furnish enough cane to be consumed by the modern machinery for making it into sugar?

Secretary TAFT. To justify the investment for the best machinery for the economical production of sugar. Now, I do not insist on 25,000 acres, but what I do ask is that we shall have the same chance at making sugar in the Philippines as they have in Louisiana or any other country.

The CHAIRMAN. In Cuba the evidence was that while there were some large plantations—I do not remember the number of acres, but not so large as you contemplate—there were small farmers who grew the cane and put it in on shares with the large sugar factories, and that system was worked out and the result was good.

Mr. DALZELL. It was the system of the *central*.

The CHAIRMAN. Yes, the central.

Secretary TAFT. I have talked with gentlemen who were thinking of investing money in sugar estates, and they spoke of that restriction of the plantations to 2,500 acres as being prohibitory on the industry. They said that they could not go in and produce sugar on that basis economically.

Mr. CLARK. Why would it not work like flour milling or distilling, so that one man would have a large distillery or flour mill, or in this case the machinery to consume the cane made on ten or a dozen plantations of 2,500 acres each?

Secretary TAFT. Well, there is now a law by which an irrigation company may own stock in a sugar company, and in that way possibly capital may be interested and money may be brought in. Unless you have had some experience, you can hardly realize the timidity with which capital goes into the Philippine Islands.

Mr. WILLIAMS. I am not certain of it, but I have understood that even in Luzon the trend is toward central refineries, and to get away from the old method under which each plantation had necessarily its own refinery. They find it cheaper and better to fix upon a certain amount per ton to be taken for the cane, and the refinery takes it. I

have read that in the papers, in a general way, and I do not know anything more than that about it.

Secretary TAFT. All we want is a fair deal with us in the Philippines with respect to the cultivation of anything. I do not think it is fair by law to restrict a cultivation. If all that this is intended to do is to prevent the accumulation of large tracts of land in the hands of individuals—to prevent a monopoly in the hands of individuals—that is all right, but if it is for the purpose of restricting the sugar industry I do not think it is fair at all.

Mr. CLARK. Is this hemp an annual crop?

Secretary TAFT. The hemp has to be planted for two years, and after that the stalk can be cut down and it reproduces itself for six or seven years after that. So that it is a crop that is quite profitable, in view of the little labor that attends its cultivation. In the first two years it ought to be kept shaded from the direct rays of the tropic sun, but after that it needs no such attention, and it grows on the hillsides and in small patches. There are very few large hemp haciendas in the islands. The hemp business, as the tobacco business, is carried on largely by small farmers.

Mr. WILLIAMS. That hemp is not by any means the same vegetable that is raised in Kentucky?

Secretary TAFT. No, sir; nothing like it. The hemp is a tall banana stalk, sometimes 15 feet high, and the fiber that is taken from it, the finest fiber that there is, is frequently in lengths of 20 to 25 feet. The great difficulty in preparing hemp is in what is called the drawing of the fiber to separate the pith from it, and that is done by drawing it under a knife blade. The serrated knife blade is the easier instrument to use, but it does not clean the hemp as well. Now, the drawing of hemp under a straight blade requires a good deal of strength. With a serrated knife, women and children can work; but with a straight edge, only a man, and an adult of strength, can pull the hemp.

The value and classification of the hemp as it is brought into the market are therefore not so much determined by the character of the plant from which it comes, because that, with the exception of a kind of wild hemp, which is very poor, is quite uniform, but it is determined by the character and the method of stripping it. But it is, as I say, the most valuable product of the islands, and one that is certain to continue the most valuable; that one which is spreading now all over the islands, because of the price of hemp and the ease with which it can be grown. I am very hopeful that a machine which has been invented, and a patent taken out on it just the other day, may make it possible to strip the hemp by machinery, and if that machine works, it will have relatively as important a part in that industry in the islands as the cotton gin had with reference to the cotton industry. So it is that the hemp industry is one that we can look to and which we propose to look to in the islands for their prosperity, and its development will necessarily prevent the spread of the sugar cultivation to such an extent as to swamp this market.

I perhaps may be permitted here to answer one or two personal allusions. I observed in reading over the record that things I have said have been quoted here, and it is pointed out that I am not a safe adviser to look to because I look at the matter from a Philippine standpoint. I admit that I do. It is impossible for a man to have been in those islands four years and to have been responsible for the

government of the islands in a small way without having an intense interest in their development. And therefore it is quite possible that I am biased on the subject and that I have not as much concern for the tobacco interests and the sugar interests in the United States as the tobacco interests and the sugar interests have for themselves; but, nevertheless, I have had some judicial experience, and in this matter I have had to look into evidence on both sides.

When I made the statement which was referred to I had had no opportunity to investigate the question of the conditions prevailing in the United States, and what the effect would be of the introduction of that sugar and tobacco here upon the sugar and tobacco interests here. I supposed, from an examination generally of the statistics, that the small amount of sugar and the small amount of tobacco that could be possibly introduced from the Philippine Islands into this country, considering the immense ocean of a market that there is for both here, would not materially affect those Americans or foreigners who contributed to that market. That was my general supposition at that time. Investigation has not convinced me otherwise; but with the poor means I have had, and the investigation that I have been able to give, my judgment as to that has only been confirmed. There was consumed in this country last year—and you are more familiar with these statistics than I am—2,677,000 tons of sugar. And of that, 1,847,000 tons was imported.

Now, I do not think it requires any profound knowledge of economics or prices to know that where the domestic demand exceeds the domestic supply by 1,847,000 tons, the price which will prevail in that market will be determined by the price at which the foreign supply can be sold over the tariff wall. Part of it, of course, comes over the tariff wall at a reduction of 20 per cent. That is the amount produced in Cuba. The rest comes over the tariff wall at 100 per cent. It would seem to any reasonable person that the introduction into this market at any price, at any profit, of 83,000 tons in the face of an importation of 1,847,000 tons would not have an appreciable effect upon the domestic price. That is the conclusion reached by the use of ordinary arithmetic and the knowledge of the rule of three.

But it is said this year it is to be 147,000 tons. Granted. And it is said that in the times past it has risen to 264,000 tons. Granted. But 264,000 tons in the face of 1,847,000 tons is a very small percentage, and would not create a ripple, not a ripple, in the price of sugar here. This I understand to be conceded. What, then, do the opponents of this bill have to conjure up as ground for fear of harm and opposition to the bill? They must calculate the number of acres that under any circumstances could produce sugar, and assume that under the proposed change these acres would all be cultivated with the most modern machinery—just as Colonel Sellers calculated the number of people in China that needed eyewater at 400,000,000, and that they would take his eyewater at a dollar a bottle, and he would sell it to them, and he would make four hundred millions of dollars a year. Our opponents calculate the number of acres in the Philippine Islands at 50,000,000, wholly blind to the fact that much of that is mountain land, much of that is impenetrable jungle and forest, even in the very province of Negros, which is the most developed province, so far as the sugar industry is concerned, in the islands, and with the unfounded statement that it will produce 5 tons to the acre, and by correct arithmetic they reach a

condition under which the Philippine Islands will produce a great deal more sugar than can be consumed in the world.

Now, with due regard to that kind of an argument, and with deference to the gentlemen who advance it, it seems to me that it is "moonshine," just "moonshine," especially to one who is at all familiar with the conditions that prevail and the restrictions that must prevail in those islands with respect to the production of sugar.

Mr. GROSVENOR. May I ask you a question?

Secretary TAFT. Certainly, General Grosvenor.

Mr. GROSVENOR. It was argued here that the object really of this, so far as sugar was concerned, was not to produce an advantage to the Philippine Islands by the sale of sugar in the United States.

Secretary TAFT. I am coming to that, General. I am somewhat familiar with that.

Mr. GROSVENOR. When you get to that I would like to have your ideas as to the principle upon which you could legislate to bull and bear the market of a foreign country by a manipulation of the laws of your own country.

Secretary TAFT. I am not quite familiar with the way in which that was put yesterday, but I think that I can explain why it was put; that is, with a view of meeting the argument on the other side that a reduction in tariff here was going to swamp the sugar producers of the United States. Now, we have had a good deal of discussion here as to what the price of sugar is, what the cost of production of sugar is, in the Philippine Islands, and quotations have been made from agricultural experts, from gentlemen whose imaginations have soared—like those of the gentlemen whom we meet here in this committee room—with reference to what an acre of land in the Philippines will produce. I am not a sugar expert, I am not a business man; but I had to buy upward of 400,000 acres of agricultural land in the Philippine Islands, and I had to take evidence as to its value.

Mr. WILLIAMS. That was in connection with the friars' lands?

Secretary TAFT. Yes, sir; and the friars' lands, taken as a whole, are the best agricultural lands in the islands. A large part of them are irrigated. We had an expert who went over all the haciendas of the friars, and then testified as to the values of the various classes of land. Then we called other witnesses. I found that in and about Manila first-class sugar land ranges in value from \$75 to \$100 a hectare. When I say in and about Manila I mean in and about the provinces of southern Luzon, near Manila, that had Manila for a market.

Mr. WATSON. Were all those friars' lands in Luzon?

Secretary TAFT. No, sir.

Mr. WATSON. Were there any in Negros?

Secretary TAFT. No, none in Negros. There were some in Cebu. There was one tract in Luzon, but that was in the northern part of Luzon, a tobacco plantation. We found that the value of sugar land varied from 150 pesos, which in round numbers you can call \$75 in gold, and 200 pesos, which would be \$100 in gold. So that it ranged from \$75 to \$100 gold, not for an acre, but for a hectare. A hectare is 2½, or practically 2½ acres.

Mr. CLARK. It would range from \$30 to \$40 an acre, then?

Secretary TAFT. From \$30 to \$40 an acre. Now, I asked how much that would produce. I was not anticipating any controversy like this at that time. The experts answered that first-class sugar land would

produce from 25 to 30 pilones per hectare. One difficulty that you meet in agricultural investigations in the islands is that they have varying measures and varying weights. They vary between the provinces. But I understand that a pilon is a bell-like form in which the sugar is produced, and a pilone weighs a particular kind of quintal, or 224 pounds. Now, if you calculate that out, you will find that the production per acre is just about a ton and a quarter, or  $1\frac{1}{4}$  tons.

The CHAIRMAN. That is the heaviest weight quintals?

Secretary TAFT. Yes, sir; giving you the benefit of the heaviest weight quintals. This quintal weighs 224 pounds. The most reliable evidence that I have been able to find as to the production of sugar is from Señor Luzuriaga, whom I have known for years, who is a member of the Philippine Commission and one of the largest sugar planters in Negros, and not only a sugar planter, but a business man and a very wealthy man and a man who has lived all his life in a sugar atmosphere. I ought to say that this price of land is one that prevails about Manila. He says that in Negros the price is less; that it is from 100 to 150 pesos a hectare, which would be from \$20 to \$30 an acre. He says that in Negros, as elsewhere in the Philippines, it is by no means fair to take the production of a particular year as an evidence of what the regular production of the land will be.

He says that the only fair method of estimating is by the five years. In that five years there is one year of excellent production—the highest mark—and that will be from 80 to 82 piculs a hectare. A picul is  $137\frac{1}{2}$  pounds, and if you will calculate it down you will find that that will be about 2 tons to the acre. The average year will produce 60 piculs—that is the expression that he used—60 piculs to the hectare. Then you will have two bad years in the five years when you will only make 25 piculs to the acre, and if you will calculate that you will find that the average is just a little short of a ton to the acre.

That leads me to call the attention of the committee to the difference between cultivation in the temperate zone and cultivation in the Tropics, and the uncertainty that attends the investment of capital in agricultural enterprises in the Tropics, or, indeed, in any enterprise in the Tropics. I can only illustrate it by a story that has always remained in my mind ever since I had to do with Philippine matters. There is a gentleman, F. Stuart Jones, who is the representative of Smith Belland Company, one of the greatest firms in the Philippines, who planned to run a steamer up the Rio Grande del Pampanga from Calumpit to San Isidro and Cabanatuan, some 50 miles, and they expected to bring rice by that way down to Calumpit and make a great deal out of the rice of the Province of Nueva Ecija, which is a great rice province, but which is prevented from getting its rice into the market by the difficulties of transportation.

I met him one night—he stutters, I would say—and I said: “How about the steamer up to Calumpit, up the Rio Grande del Pampanga? I hope that you have made it pay.” “No,” said he, “for five years we have had a wet season during a wet season, but when we constructed that steamer during the wet season we had no wet, and it ran up five miles from Calumpit and stuck in the mud, and it is there still.” He said, “That is the trouble with this d-d-d-damned country. You never invest any money here on a reasonable expectation that something doesn’t happen.” [Great laughter.]



Now that only illustrates the danger of following the Colonel Sellers multiplication table in concluding what the Philippine Islands or any other tropical country is going to produce by taking a single acre and treating it well and securing its product in a good year, and then from that fact assuming how many tons of sugar 50,000,000 acres will produce.

Señor Luziaraga has been in the sugar business all his life. He says that it cost some ten years ago 3 pesos per picul, outlay, in addition to the interest on loans, in addition to the rent and taxes paid, to raise sugar; that now and for some years past, because of increase in price of labor and loss of carabao, it costs 4 pesos, or \$2. That corresponds with the statement of Mr. Colton and other statements that I have seen, placing the cost per ton of outlay at \$28 a ton, which, if you reduce it, you will find makes about a cent and a quarter of outlay. That does not take into consideration the depreciation of machinery. It does not take into consideration the interest paid on loans or the taxes, and it does not take into consideration any reasonable profit that such a risky and venturesome business ought to bring to the producer.

If you left off all these considerations you could bring sugar into the country, theoretically, at New York, at 1.77 cents a pound—I mean adding 24 cents for the freight and 28 cents at 25 per cent of the Dingley tariff. But that is not the proper method of calculation. Let us take sugar as it is, as an importer would find it at Iloilo, to import into the United States. The price at Iloilo to-day is 7 pesos per picul. If you reduce that it makes the price at Iloilo of sorted sugar—for that is what the price is quoted at—2.54 cents, and if you add the freight and add the duty, you can lay that “sorted” sugar down at 25 per cent of the Dingley duty of 3.06 cents per pound.

Mr. WILLIAMS. 3.06?

Secretary TAFT. Yes, sir. The lowest price for sugar selling in the New York market to-day is 3.38. In other words, the Philippine sugar, if it is as good as the lowest New York sugar, which it is not, as I shall explain, and if this law were in force would have an advantage of thirty-two one hundredths of a cent over the market there.

The CHAIRMAN. 3.38 is for 96° sugar.

Secretary TAFT. Then it would be considerably less.

The CHAIRMAN. It has been testified here that this sugar runs on an average about 84°, I should judge.

Secretary TAFT. This sugar is a peculiar kind of sugar. Part of it, a quarter of it, polarizes at 88. Another part of it polarizes at 84½, and the third grade at 81, and the fourth grade, which is hardly sugar at all, which is called damp sugar—molasses, apparently—at 70.

The CHAIRMAN. What proportion polarizes at 70?

Secretary TAFT. I can give you the third and fourth grades together, one at 81 and the other at 70. Those two grades together make up nine-sixteenths of the total.

The CHAIRMAN. Over half of the total?

Secretary TAFT. Yes, sir. Now, I think that I have been more than liberal in my statement, and I am willing to admit for the purpose of the argument that by this reduction contemplated by this bill there would be one-third of a cent advantage in the importation of sugar from the Philippines. I do not think that it would amount to that, but admit that it would. Is it possible that on one-third of a cent advantage, with the risk of sending it over here, the length of time,

the delay in sending it 10,000 miles instead of sending it to nearer markets, that is going to so develop the sugar industry that American capital is going out there by the million—and it will require forty to fifty millions to increase the production out there to 500,000 tons yearly—is it possible that that differential of a third of a cent a pound in the price of sugar is going to do that thing?

I hope the committee will not be misled by profound and technical arguments as to prices and cost of labor and polarization and what not. This proposition is true, to wit, that the difference brought about by the proposed change of the tariff is a reduction of one-third of a cent a pound. Philippine sugars do not come here now at all. Every pound imported has been imported as an experiment and at a loss, and hence none is being imported now. This can not be denied. Hence the proposition for the opponents of this bill is that a differential of one-third of a cent a pound is going so to stimulate the sugar industry in the Philippines that it will grow from 140,000 tons to 1,840,000 tons, involving as it must an investment in plant and equipment of \$116,000,000, and in land the cost of clearing a million acres at from \$10 to \$20 an acre. Could absurdity reach a greater height?

Mr. COOPER, of Texas. If that does not increase the market, how would it bull the production of sugar in the Philippines? If this would not give a wider market, what advantage would it be for the Philippines?

Secretary TAFT. It would. I hope it would. I do not propose to stultify myself by saying that I do not think this will bring sugar here. I think it will, and I hope it will. But it will not bring sugar here to the extent of bringing all the sugar the production of which is stimulated by free trade with this country, and the reason of that is this, that in China they are willing to take this sugar as "sorted" sugar—that is, to take it all in a lump, the four different grades. If it comes to America it has to be graded, and in China they are used to taking that sugar. China is the market for it, and so, too, in Japan, but especially in China.

In China when the people get accustomed to a thing they are especially desirous of always having that thing, and the theoretical rules with respect to a market do not always obtain there. We have a trade there, and we are able, with the Chinese merchants in Iloilo and Manila, to sell that Chinese product—it is Chinese, in the sense that it is adapted to the Chinamen—at a price equal to the New York price, less the duty and the freight to New York.

Mr. WILLIAMS. And the insurance?

Secretary TAFT. And the insurance.

The CHAIRMAN. When you say 3.06 cents in New York, do you mean the whole crop of sugar, varying from 70 degrees up to 88 degrees, at 3.06 cents, that that would be the average price, or do you mean to take the sugar of the higher polarization?

Secretary TAFT. I was taking the average of the whole of it—i. e., "sorted" sugar.

The CHAIRMAN. The average?

Secretary TAFT. Yes, sir.

The CHAIRMAN. If that is correct, then reducing it to 96 degrees—

Secretary TAFT. I can not do that reduction. I do not know what it is.

The CHAIRMAN. That would make it about 3½ cents.

Secretary TAFT. Perhaps so. Perhaps it will show what I fear, that this is not any particular advantage, so that we ought to have free trade.

Now, it has been stated—I assume that it has been stated, certainly I have seen it in the newspapers—that I was willing to compromise if I could get a bill through at 50 per cent of the duty. If we can not get a bill at 25 per cent, I am willing to compromise now at anything less than the present rate. If we can not get anything less than that, I would take that; and on this theory, that we are coming to free trade ultimately, and that each reduction is going to teach these timorous gentlemen of the sugar industry that their fears are mere chimeras, and if we go down to 50 per cent it will appear that the sugar and tobacco will not be introduced very much more than they are now, which is practically not at all. There have been introduced into this country two or three cargoes of sugar. They are what are called “cargoes in distress.” There is a good deal of that still in bond.

The polarization of those sugars is low, and when they come here the classification is much severer than their owners are used to in China, and they do not come to this market, under the circumstances, with any great pleasure, and their experiences and their losses which have been sustained justify me in saying that the importations under the present law are practically nothing; and the same thing is true with respect to cigars.

With respect to the sugar of the Philippine Islands, Negros is the great province for the raising of sugar, but a large part of that province is mountainous, and the southern half of it—certainly the southern third of it—is an impenetrable wilderness. It is something that for years can not be changed into anything other than a forest out of which timber is to be drawn.

The other province in which sugar is raised is Pampanga, in Luzon, and then some is raised in Cavite and some in Laguna. But the stimulation in respect to sugar will be almost wholly within the provinces of Negros and Pampanga. I ought to have mentioned the province of Iloilo, in Panay; and possibly some would be raised in Cebu. I ought also to make my remarks apply only to the province of Occidental Negros, for Oriental Negros, which is on the eastern side of the mountains, produces comparatively little sugar and is devoted much more largely to hemp and rice; and wherever hemp goes, everything else moves out.

The question is asked what it would cost to turn other lands into sugar lands. I am unable to give anything on that except to say what sugar land is worth. It is worth from \$20 to \$40 an acre, and uncultivated land in Spanish times was sold at \$5 a hectare, or about \$2 an acre; and I assume that the cost of clearing lands may be determined somewhat by the difference between the price of uncultivated land and the price of cultivated land, although of course that is not an accurate method of determination.

The CHAIRMAN. Are you able to give us the increase of exports of this sugar into China during the past few years? Have you any statistics to show that?

Secretary TAFT. I think Colonel Edwards can find out about that.

The CHAIRMAN. You need not stop for it. I only wanted to know what the increase was. I think we have not any such figures now. General Grosvenor called my attention to it.

Secretary TAFT. Now, I come to the question of labor. In this conspiracy against the beet-sugar industry that we have all entered in—the War Department and the islands—one of the steps is to enlarge the number of acres from 2,500 to 25,000. Another important step is the introduction of cooly labor, and, if I understood the evidence, it was attempted to be shown that the Commission was at the bottom of that conspiracy to get cooly labor into the Philippine Islands.

The CHAIRMAN. Cooly labor to the extent of skilled labor for the purpose of education.

Secretary TAFT. A recommendation was made three years ago by the Commission with respect to getting in Chinese skilled labor. That recommendation arose from a desire on the part of the Commission to encourage the construction of ships in Manila Harbor, and the skilled shipwrights were not sufficient in number among the Filipinos to justify the investment of capital by Americans and some foreigners in two or three shipyards in Manila. Therefore we made that recommendation. As a matter of fact, the Commission as a whole is utterly opposed to the introduction of Chinese labor into these islands at all, and so am I, as an individual. The measure that was proposed would have been not at all harmful, because the Chinamen would have come in under a bond, and the skilled laborers were to be returned to China at the end of five years. It was for the purpose of beginning the industry and teaching the Filipino apprentices a trade. But Congress did not see fit to give us the opportunity.

Now, as happens if one waits, the remedy has been found, and Filipinos are increasing in the skilled arts. They are very skillful with their hands, and what with industrial schools and the Chinamen we already have in the islands, we are gradually getting carpenters and other skilled mechanics from among the Filipinos.

The whole policy of the administration and the Commission is against the introduction of Chinese labor into those islands; but not because of the fear, as in the case of these gentlemen, that coolies would go onto the sugar plantations. The truth is that you could not drive a Chinaman onto a sugar plantation in the Philippine Islands.

You can not get a Chinaman into a tobacco plantation. The minute that he lands he becomes a porter or a shopkeeper. If he has not a little capital so that he can set up a shop, unless he be a skilled laborer—in which case he goes to making houses, or something of that sort—he earns 10 or 15 pesos a month, and out of that 10 or 15 pesos he seems to save about 20 pesos a month, and at the end of a year he sets up a store next door to the store of a Filipino woman, and at the end of a year he drives her out of business. Now I have heard, since I have had the honor of appearing before Congressional committees year after year, the statement with respect to the number of Chinamen in the Philippine Islands diminish and diminish and diminish.

Before the Foreign Affairs Committee, of which Mr. Hitt was chairman, some gentlemen of the labor unions appeared and testified in favor of the extension of the Chinese exclusion act over the Philippines, and also in favor of its being applied in this country against the Philippines, because there were one and a half millions of Chinamen on these islands, and therefore to let in immigration from those islands would involve a transfer of Chinese into this country. It has been said here that there are 60,000 Chinamen in the city of Manila. That

has been stated to this committee. I supposed at one time there were that many. I supposed that the number of Chinamen in the Philippine Islands would perhaps reach 150,000 or 200,000.

As a matter of fact, the census shows that the number of Chinamen in the city of Manila is 25,000, and I doubt if the entire number of Chinamen in the entire archipelago is more than 75,000; and there is not a Chinaman out of that 75,000, not a single one, who would work in a sugar or tobacco field or in a cocoanut field or in any agricultural pursuit, except possibly in the cultivation of a few truck gardens in the vicinity of Manila. In Borneo they have attempted to give land for the cultivation of sugar and tobacco to any Chinamen who would come there and take it. They have sent agents to invite them to come down there and go into the fields. They can not get them into the fields.

General Davis was told by the governor of Borneo that every effort had been made to get the Chinaman into the fields of Borneo, and that it was impossible to get him there. He knows a better thing. He knows that he can make more by going into trade, and can live better if he lives as a porter or a shopkeeper. So that this fright of cooly labor is another of the chimeras. First, there are only 75,000 Chinamen in the islands; and secondly, not one of them can be induced to work in a tobacco or sugar field; and thirdly, we do not intend to let a Chinaman in there. The reason is not because of the competition of labor. That is not the reason the Filipino people are down on them. They do not fear competition of labor. What they fear is the competition in business, and they look to the example and the illustration of the danger in the Straits Settlements. When the English went there they let the Chinamen in. There are now more Chinamen than Malays in the Straits Settlements, and they own the Straits Settlements. They do not own the mines, because the Government owns those and charges a royalty, but they do all the business, and the Malay is relegated to an inferior and altogether negligible condition.

Now, it seems to us that it would be the grossest breach of a trust were we to open those islands to the settlement of Chinamen and drive the Filipinos to the wall in their own country. I do not mean to say that if we were to open the islands to the Chinaman the islands would not be developed much more rapidly than now, but under the development now it will be the development of the islands for the Filipino and not for the Chinaman. So that that fear of cooly labor is altogether unfounded.

Mr. WILLIAMS. With regard to the measure before us, there is nothing about the introduction of Chinese at all?

Secretary TAFT. No, sir.

Mr. WILLIAMS. Nothing of that sort is now asked or thought of?

Secretary TAFT. No, sir; the recommendation as to the importation of a few Chinese skilled laborers was contained in the report of the Commission three years ago, and nothing has been requested since.

I may say this, as illustrating the condition of labor: There was a 60,000-acre tract of land belonging to the Augustinians which we bought in the friars' purchases, and I was making inquiries of the manager of the Tobaccolero Company, which is the largest company in the archipelago, as to what that hacienda was worth. It lay just in the neighborhood of a hacienda of the Tobaccolero Company. He said that if the Commission would let him introduce Chinese labor to build

his houses and factory and equipment and take the labor onto that hacienda he would give me a very handsome price for it, but with the condition of labor, and especially the condition of labor in Isabela and Cagayan, he would not give anything for it. He was also under a wrong impression as to the use he could put Chinese in the agricultural field. Of course his statement was an exaggeration, but it illustrates the labor conditions in the islands. They have to import, as I say, into Negros half of their labor each year for six months.

Now, let us assume that the product was increased from 140,000 to 500,000 tons, and then that was introduced into this country. It would not make a ripple in the price of sugar here in view of the 1,800,000 tons that must come over the tariff wall, and yet the production of 500,000 tons would make such a demand for labor that I fancy it would exhaust all the possible labor there was in the islands for the production of sugar.

Mr. WATSON. That would be twice as much as they ever produced in any one year in the islands?

Secretary TAFT. Yes, sir.

Mr. WILLIAMS. Now, on the cost of labor in the Philippines; have wages been increasing every year since the American occupation, or not?

Secretary TAFT. Yes, sir.

Mr. WILLIAMS. How are they as compared with what they were when you first went there?

Secretary TAFT. We went about the islands, into every province of the 40 in the islands, in 1901, and wages had doubled over those in Spanish times in every province into which we went during that trip. Since that time, in some provinces where they have had practically a famine, wages have fallen off; but wherever there have been normal conditions wages have crept up, for the reason that there has been so much greater demand. In Manila the army quartermaster has 3,000 men; then there is a street railway being constructed in Manila and that has raised the price of labor in Manila, I think, probably 25 per cent, perhaps more than that, and then there is the work on the Manila harbor.

Of course this does not affect labor in all the islands, but the local rise due to it is illustrative of the kind of effect that will come with the introduction of railroads and with the development of the country as we go on. And this argument of our opponents, as I understand it, Mr. Williams, assumes a marvelous development of the country with respect to the sugar production. Of course if that development is to come it will be accompanied by a development in the hemp industry and a development in other ways, and the limitation, therefore, that the price of labor will necessarily have on the production is a serious and actual one.

Mr. WILLIAMS. And it will become more serious each year.

Secretary TAFT. Yes, sir.

Mr. WILLIAMS. Has the supply of sugar and the number of people engaged in sugar production increased?

Secretary TAFT. Yes, sir; in the last year from 83,000 tons to 140,000 this year; but in 1893 it was 240,000 tons, so that it fell off for some years. You have been advised already of the very high prices that have to be paid for hemp laborers, going up, as I have already said, to 4 or 5 or 6 pesos a day. And we are advised of that, too, in

trying to get men to work for the public in various provinces. In some places it is impossible to get them to work on the roads, because of the high price to be paid for labor.

Mr. CLARK. As to the machinery that is used in preparing the sugar, is that equal in any way to the machinery used by the Louisiana plantations, do you suppose?

Secretary TAFT. No, sir.

Mr. CLARK. How much would it cost to substitute American machinery with the present production of cane? Would it increase it as much as one-fourth, do you suppose?

Secretary TAFT. I think it might. I think perhaps it might increase it more. My idea is—I want to be frank—that the sugar fields of the Philippine Islands can produce, if treated in the same way, as much as Cuba can; that is, I mean if you have the same modern machinery and the same treatment.

Mr. WILLIAMS. As much per acre?

Secretary TAFT. Yes, sir; per acre. I am not quite sure. I am not well advised about the machinery necessary. I understand that it takes about a million dollars to produce 15,000 tons a year. I mean the machinery plant would cost about that much. The soil in the Philippine Islands adapted to sugar, I fancy, is just about as rich for sugar purposes as the soil in Cuba; that is, that soil that is adapted to sugar is. Of course it is a good deal farther away, and for that reason the risk of investment is considerably greater.

Mr. COOPER, of Texas. What percentage of the area of the islands do you think is adapted to sugar?

Secretary TAFT. I should doubt whether any more than the provinces I have mentioned—Negros, Pampanga, and Iloilo—would be likely to be devoted to sugar.

Mr. COOPER, of Texas. In acres how much would that amount to?

Secretary TAFT. I could not tell you that. A great deal of all of those provinces is in hill land and in forest. It is not so in Pampanga. Pampanga has sugar and also rice. But there is a good deal of swamp land in that province which is adapted to nothing but the growth of the nipa palm, from which is produced the "vino" or the whisky of the islands. In the height of the sugar industry in the islands there may have been 400,000 acres under cultivation. I do not suppose that to-day there are more than 200,000 acres under cultivation.

I am not sure about that, but that is a guess founded on a statement made some years ago by an English consul who went over the island to investigate and made a report as to the number of hectares then in cultivation. That was made in 1888. The acreage since 1893 has become less. When sugar land or any other land is allowed to lie fallow and idle, there comes into it the cogon grass or weed, which grows to a height of 12 or 15 feet, and its eradication is a work of great difficulty and cost. The sugar development of the islands will be necessarily in the direction of clearing that which was old sugar land until it is all exhausted.

The limitation of labor upon the amount of land which it would be profitable to cultivate is the most serious one, and it is the one which completely destroys all the supposition that there is to be an enormous extension of the sugar production there.

Mr. WATSON. Do you know whether or not they have ever tried in the provinces to cultivate the sugar beet?

Secretary TAFT. No, sir; I do not think they have. I do not mean to say that there are not other provinces than those I have mentioned in which there is sugar grown. It is grown in every province. But I have been speaking of sugar for exportation. It is grown in other provinces, as I suppose that it can be grown in all parts of the tropics; but it is grown there for food purposes. People eat the sugar cane. That is the case largely in the Ilocos provinces. The Ilocos provinces have more tobacco than they have sugar, and it is not very wise to grow tobacco and sugar in close proximity, for the reason that the sugar with its sweetness attracts all sorts of insects and worms, and the tobacco crop is very much injured by the presence of them.

If I understood the argument here it was that we were to have 50,000,000 acres of sugar at 5 tons to the acre, and 50,000,000 acres of tobacco at 2,000 pounds to the acre. I do not know where they were going to put it. I suppose they were going to overlap each other in producing this enormous quantity that was to swamp the industries of this country.

Mr. WILLIAMS. Do the Philippines now export or import food stuffs, upon the whole? How is the balance?

Secretary TAFT. For upward of ten years, I should say—five years before we went there and five years since—we have imported rice into the islands. But that importation has increased in the last three years with great rapidity, due to the very disastrous conditions of agriculture. You know the rinderpest carried off from 75 to 90 per cent of the cattle; that is, the carabao, the water buffalo.

The Filipino knows no other method of cultivating rice than by constructing a rice paddy with a dike around the field. Then he plants the rice in a little corner and waits until the rain comes to make a pond or muck inside the dike. Then he plows, not in the dry but in the wet, in the mud, and the water buffalo is almost an amphibious animal and is able to stand the strain. He is almost web-footed. The plowing is done with a light plow hardly heavier than a big stick and with the buffalo. Then, after the field is plowed, the natives go in in their bare feet, sometimes to music and sometimes not, and plant each rice plant separately.

Now, the destruction of the carabao, you can see, very seriously interferes with the production of rice, and that increases the necessity for its importation. So that last year there was an importation of \$15,000,000 worth of rice. I am told by a cable from General Wright, and I also learn from the reports, that the rice crop this year in the islands is better than it has been at any time since the American occupation, and I am very hopeful that that importation of rice will be considerably reduced. But before the rinderpest and the war the importation of rice could not be attributed to a failure of the carabao, because the carabao was there. I presume that it was due to the change from the cultivation of rice in the southern provinces to the cultivation of hemp. Hemp became so much more profitable that they preferred to cultivate the hemp and buy the rice, and therefore, although there are a number of unoccupied tracts of land that would be available for rice culture, the supply of labor was not sufficiently great, or the energy of the people was not sufficiently great, to raise both their food products and hemp, so that they raised the hemp and bought the rice.

Mr. GROSVENOR. They bought more rice than they sold hemp by about \$2,000,000.



Secretary TAFT. No, sir; the hemp was \$21,000,000.

Mr. GROSVENOR. I thought it was only \$13,000,000.

Secretary TAFT. No; you are thinking of the hemp imported into this country?

Mr. GROSVENOR. Yes, I am; that is right.

Mr. CLARK. What do they use to drive out there?

Secretary TAFT. The carabao. They have ponies, but the carabao is the mainstay. They have cattle, and they sometimes use what they call trotting bulls, and put them into a little buggy, a little carramata, but they ordinarily drive with the carramata a pony, and for drawing heavy loads they use the water buffalo, the carabao.

Mr. CLARK. Do they eat any meat over there?

Secretary TAFT. They eat carabao meat sometimes. They eat more fish than meat. There used to be a good deal more meat eaten than now, because not only the carabao were affected by this rinderpest, but great herds of cattle, like the Indian cattle, bulls and cows, on the island of Masbate and other ranges were swept from the islands. They are gradually being restored by nature. Enough were left to found the race again, and in the course of ten years I hope that there will be a great supply of beef cattle there.

Now, the people live on rice, or on rice and fish mixed together. The fish, if a little touched, strikes the ordinary Filipino with the same degree of pleasure with which the canvasback duck that is a little offensive strikes the gourmand on this side. They do not mind fish a little old. They also have camotes, or sweet potatoes, which grow rapidly and make a fairly good food, although they are rather indigestible and lead to stomach troubles. Rice is the best food that they have.

Mr. WILLIAMS. What I was trying to get at was whether, from the density of population of the Philippines, a great quantity of the land will not always be required to raise food for the people?

Secretary TAFT. It ought to be; yes, sir. The evidence taken with respect to the price of the friars' lands—and this is in one of the reports of the Commission which I will submit to the committee—is to the effect that in Bulacan and Cavite and Manila, according to the opinion expressed by the expert, the cultivation of rice was more profitable than the cultivation of sugar, and those provinces are not especially sugar provinces as Pampanga is and as Negros is.

I ought also to call attention to the fact that if this law goes into effect Congress will no doubt regard it as bringing the islands within the tariff wall, and then the freight rate to be paid will undoubtedly have to be paid on an American bottom, so that it will increase materially the cost of sugar laid down in New York, because the prices at which we have been calculating freights are prices of freights carried by foreign bottoms from Iloilo to New York. Our information is that the rate from Iloilo to San Francisco is not very much less than the rate from Iloilo to New York. Governor Wright says in his telegram that it is 10 pesos, or \$5, from Iloilo to San Francisco and 10½ pesos from Iloilo to New York.

Mr. GROSVENOR. Per ton?

Secretary TAFT. Per ton. But he says that the rate from San Francisco is nominal—in other words, there is very little traffic going on there.

Now, gentlemen, I come to the tobacco proposition.

The CHAIRMAN. It is near the hour of adjournment, and if the members of the committee desire to ask you any questions on the sugar, would it not be better for them to do so now, and then you can take up the proposition of the tobacco after the recess.

Secretary TAFT. Very well, Mr. Chairman.

Mr. GROSVENOR. I was requested to ask you what the fact is about the planting of cane, as to whether it is planted every year, or how often?

Secretary TAFT. Señor Luzanagá says that some planters do not plant it every year, but that he does, intimating that he regards it as better husbandry and more likely to result in good crops to plant it every year.

The CHAIRMAN. Is he the same gentleman who gave you this average production of sugar?

Secretary TAFT. Yes, sir.

The CHAIRMAN. Then the difference in the years was owing to the difference in the seasons, and not to the replanting of the cane?

Secretary TAFT. Yes, sir. Of course you understand, Mr. Chairman, that they are subject to great storms there, and are subject to the attacks of insects, and subject to diseases—epidemics of various kinds—both cattle and man; and all of these things, taken as a whole, affect the production and require an average of five years to get a proper estimate, as he states.

Mr. COOPER, of Texas. How many acres of friars' lands did you acquire?

Secretary TAFT. Four hundred and twelve thousand acres, as I recollect.

Mr. COOPER. About how many acres of that is adapted to the cultivation of sugar?

Secretary TAFT. It would be a mere guess, but my recollection is not more than 25,000 acres.

Mr. COOPER. How could that land be acquired by parties who desired to purchase it?

Secretary TAFT. We are required by the law to sell it, or at least to offer it to present tenants, and the tenants own small tracts of 200 or 300 acres.

Mr. COOPER. Then they could not acquire 25,000 acres of friars' lands?

Secretary TAFT. No, sir.

Mr. COOPER. Under the proposition that you submit?

Secretary TAFT. No, sir. That 25,000-acre proposition, or the proposition to enlarge the limit of 2,500 acres—for I do not stand on the exact amount—is with the idea of going into Mindanao, which is an island probably adaptable for rubber, for rice, and for sugar. I do not think that it is adaptable for tobacco, although I believe that some of the Moros do raise tobacco there, but simply for their own use.

Mr. HILL. A gentleman wants to know what the comparative rate on sugar is from Hongkong?

Secretary TAFT. Do you know what the rate of freight is from Hongkong to Iloilo, or from Shanghai, as compared with the rate to New York, Mr. Colton?

Mr. COLTON. No, sir; I do not.

Mr. WILLIAMS. It was stated yesterday that cane was cut in the Philippines after one year's growth. I am requested to ask you if it

is not a fact that that is true only of stubble cane, and that plant cane requires from eighteen to twenty-four months to reach maturity.

Secretary TAFT. I did not think that it was so long as that. I thought that the cane would be planted, and it would take about thirteen or fourteen months to mature; but I am not an expert on the matter and I can not answer you.

Mr. WILLIAMS. Is it the plant cane or the stubble cane that is cut the first year, do you know?

Secretary TAFT. I do not know.

The CHAIRMAN. Does it take over a year?

Secretary TAFT. Thirteen months, I think it is.

Mr. WILLIAMS. The first year?

Secretary TAFT. Yes, sir.

The CHAIRMAN. So that they can not plant the same acre of ground two consecutive years?

Secretary TAFT. I do not know. They go on planting. I suppose they do.

Mr. COOPER. It grows from the stubble cane?

Secretary TAFT. Yes, sir.

Mr. BROOKS. I wanted to ask you approximately what you thought the present area of cultivation of sugar was?

Secretary TAFT. I should not think that it was over 200,000 acres.

Mr. BROOKS. And what ratio would that bear to what you think is the probable available area?

Secretary TAFT. Of course there is a great deal of land upon which you could put sugar. If you went to the expense of clearing the forests and clearing the cogon grass and did not mind how much money you spent without getting any profit out of it, you could get a great many acres. But what I am speaking of now, and what I suppose you alluded to, is what is the probability?

Mr. BROOKS. Yes, sir. I did not mean the possibility, but the probability.

Secretary TAFT. Of the acreage of profitable sugar land if capital were induced to go in there?

Mr. BROOKS. Yes, sir.

Secretary TAFT. Twice, or perhaps three times, the present area if the sugar business became very profitable, but certainly not on a third of a cent differential. I am speaking now having in view the profit that would arise from using the land for other purposes, and assuming that a man will not go into the sugar business if he can make more money out of something else, and knowing the serious limitation growing out of the labor situation.

Thereupon the committee took a recess until 1 o'clock p. m.

#### AFTER RECESS.

The committee called to order at 1 o'clock p. m.

The CHAIRMAN (Mr. PAYNE). You may proceed, Mr. Secretary.

#### STATEMENT OF THE HON. WILLIAM H. TAFT, SECRETARY OF WAR—Continued.

Secretary TAFT. Mr. Chairman, the growth, or rather the variation, in the exportation to Hongkong and China the last five years is shown upon this table [indicating]. In 1900 there were 84,000,000 pounds;

in 1901, 51,000,000 pounds; in 1902, 96,000,000 pounds. For some reason, in 1901 there was no exportation to China at all. I do not understand that. In 1902 there was 96,000,000 pounds; in 1903, 78,000,000 pounds, and in 1904, 89,000,000 pounds.

The table in full is shown below.

*Exports of sugar from the Philippine Islands to China and Hongkong as compared with the total.*

Fiscal year.	Exported to—						Total sugar exports to all countries.	
	China.		Hongkong.		China and Hongkong combined.			
	Pounds.	Value.	Pounds.	Value.	Pounds.	Value.	Pounds.	Value.
1900 .....	16, 067, 119	\$285, 235	68, 518, 415	\$1, 128, 789	84, 575, 584	\$1, 414, 024	173, 630, 407	\$3, 022, 161
1901 .....			51, 394, 248	942, 374	51, 394, 248	942, 374	123, 747, 492	2, 293, 063
1902 .....	15, 048, 516	312, 225	81, 231, 018	1, 360, 861	96, 279, 584	1, 673, 086	149, 491, 539	2, 761, 432
1903 .....	19, 029, 108	309, 990	59, 692, 385	886, 282	78, 721, 493	1, 196, 272	246, 151, 547	3, 955, 586
1904 .....	26, 275, 358	455, 869	63, 374, 699	1, 050, 817	89, 650, 057	1, 506, 686	165, 709, 433	2, 668, 507
Total.	76, 410, 101	1, 363, 319	324, 210, 765	5, 369, 123	400, 620, 866	6, 732, 442	858, 730, 418	14, 700, 731

The table shows the exportation of sugar from the islands to all countries, and the proportion of that which goes to China to the total exportation to all countries.

There is one subject that I touched upon this morning, about which I would like to be permitted to say a word or two more; that is the general subject of labor.

Labor in the Philippine Islands has the characteristics of labor in nearly all the Tropics. The laborer in the Tropics ordinarily is not what would be called industrious to the extent that laborers are in the Temperate Zone. There are some exceptions to this. The laborer in Java, by reason of the compulsory form of labor which has long prevailed there, and by reason, too, of the necessity that he is under of raising food enough for 28,000,000 of people in a small island like Java, is an industrious laborer; but that is not true of the Philippine laborer. On the other hand, he is capable of instruction; he does better work for better wages.

The first result of giving him better wages is to have him work less days a week. He is something of a philosopher, and at first if he can earn enough in two days in a week to last him a whole week he works only two days and remains idle the other four. As he comes to learn that now he may keep what he saves and as things he regarded as luxuries come to be regarded by him under the American régime as necessities he is furnished a motive for labor. No man labors for the fun of it; he works for the purpose of getting that which he wishes to live on. Now, the Philippine laborer has been condemned in extreme terms for laziness by many of the foreigners and by the Americans who have been used to American standards of labor. In order to meet these extreme, erroneous, and unjust statements the Commission and the members of it at various times have made reports on the subject.

The Philippine laborers when aggregated in gangs under white foremen and superintendents can be trained to do fairly good work. It was supposed that they could not be used for railroad work or road work or quarry work. But experience in Manila and in the large

works of construction about Manila justifies the belief that they can be trained to better work than they have been heretofore in the habit of doing. The quarry which is supplying stone for the construction of the great harbor works in Manila is now mined by Filipino labor. When they first came there the contractors attempted to use Chinese labor, but they found the Chinese laborer was not satisfactory. It was expensive, because under the Chinese exclusion laws the Chinamen lawfully there were disposed to ask for higher wages and for greater privileges, because the Chinaman readily finds out his value in the market and what facts are with respect to that which he has to sell.

Finally Mr. Krusi, the vice-president of the company, concluded to make an experiment. He erected a number of inexpensive houses, put up near the quarry a church, a theater, a cockpit; he hired a band, he had schoolhouses and school-teachers, and he established a little community. And then he invited the Filipino laborers to come in there with their families; and for two or three years he has conducted a labor colony there from which he has drawn a thousand laborers, who have continued to work and have been to him, for tropical labor, quite satisfactory. So, too, in the custom-house it has been found by the collector of customs that Filipino laborers can be trained to be fairly satisfactory workmen. I ought to say that Krusi employs in his quarry about 8 per cent of white labor—that is, 8 per cent of foremen. It is found that unless a foreman is willing to get down and work himself from time to time, to show his men how to work, he does not serve the purpose; but with that the Filipino laborer can be made fairly satisfactory. So, on the Benguet road, which is a work of great construction that we have been undertaking, we have had some 3,000 Filipino laborers, and about a thousand Japanese; and we also tried for a while 500 or a thousand Chinamen. The Chinamen used opium to such an extent, and were so difficult to manage, that we got rid of them and the road is now being constructed by Filipinos and Japanese.

Mr. WATSON. Is that a macadamized road?

Secretary TAFT Yes; but it involves the cutting down of cliffs. It is built along a canyon, and it is a road that runs from the lowlands to the height of 6,000 feet up the Bued River canyon; and it involves the removal of some very high cliffs of stone, which is of a shaly character; so in order to prevent sliding the inclination of the slope must be made gradual, and the cutting has to be very extensive and large. They have to cut up and back two or three hundred feet in order to get a proper slope. I ought to say that the street railway company has been able to build and lay its tracks in the city of Manila, as I am informed, at a rate that is perhaps 33 per cent less than the price of laying track in an American city would be. So the Filipino laborer thus organized, and under American foremen, has something of a future.

On the other hand, labor of this sort in agriculture is a labor which the communities have always been used to. They are an agricultural people. But they are also a people given much to amusement, and they have about sixty fiesta days in every year in addition to the regular Sundays. They are not constant in their attendance at work. They will come Tuesday instead of Monday, and sometimes Wednesday instead of Tuesday. Nevertheless I think the truth lies between

the statement which assumes that they are equal to the temperate zone laborers on the one hand, and to that condemnatory statement that says they are worth nothing on the other. But the limitations upon labor, I mean the limitations which the short supply of labor necessarily puts upon the production of sugar, which requires a great deal of labor, or any other crop needing labor, are obstacles to a tremendous expansion of any of the products of the islands, and especially to sugar and tobacco.

Now, coming to tobacco. It is produced for export chiefly in three provinces, the provinces of Cagayan, which is the northeast province of the island of Luzon; the province of Isabela, which is immediately south of Cagayan. These are the two provinces constituting what is called the Valley of the Cagayan River. The Rio Grande del Cagayan, the largest river in the islands, runs through these two provinces and overflows its banks, and the rich tobacco land is in that part of the valley which is overflowed. The two provinces are very sparsely settled, the ratio of men to the mile being less in those two provinces, I think, than in any other province in the islands excepting possibly Mindanao and Samar.

Tobacco is also raised for export in the province of Unión. And probably tobacco may be exported also from the other three provinces of Ilocos Sur and Ilocos Norte and Abra. Those are the only provinces that raise tobacco for export at all. The arable land in the Ilocos provinces is narrow, lying between the coast range which comes quite near to the seashore; and the tobacco in those provinces is planted in the narrow river valleys that come down from the mountains between the hills. In Cagayan and in Isabela there is a very considerable territory that could doubtless be opened up for tobacco culture, but it is a territory that is covered with a dense forest, so it will require the expenditure of a great deal of energy to spread that culture. Isabela has 5,000 square miles and 3,000,000 acres, with a population of 76,431. Cagayan has an area of 5,000 square miles, 3,000,000 acres, and a population of 156,000. Ilocos Sur has 475 square miles and 371,000 acres and 187,000 people. You will observe that is a very much more populous province than the others. Ilocos Norte has 1,330 square miles, 851,000 acres, and a population of 878,000 people.

The Ilocanos are the most industrious people in the islands, but the residents of Isabela and Cagayan, the two great tobacco provinces, are probably the laziest people in the islands. There are among them some Ilocanos who have come from across the mountains and settled in that valley. The Cagayan Valley is possibly the place where we expect to make a great development by the construction of railroads. But the labor problem will always embarrass us. It is in that valley that it is possible to raise one crop of tobacco and two crops of corn on the same land in the same year. The cultivation of tobacco, originally a monopoly, and in the hands of the Spaniards, and subsequently given up, is now almost wholly confined to small tracts cultivated by families. The cultivation of the plant is not scientific at all. There are three or four large haciendas in Isabela. The Tabacalera Company owns one hacienda; the government now owns one obtained from the Augustinians by purchase, and there are probably two or three German firms that have haciendas there, and upon these haciendas, or plantations, I assume, the only good tobacco is raised.

The governor of Cagayan, Señor Gonzaga, who is an expert in the tobacco business, has written a paper on the subject within the last year, the subject of the cultivation of tobacco in the two provinces of Cagayan and Isabela. With the permission of the committee I would like to submit it. He gives the history of its cultivation and shows that under present conditions, with the very large number of small tobacco farms, the attention to the plant in the way of keeping worms off the leaves and preparing leaves properly for market have led to a depreciation in the character of the tobacco produced.

Mr. GROSVENOR. What do you mean by keeping off the worms?

Secretary TAFT. The worms attack the leaf and eat a part of it.

Mr. GROSVENOR. That is the only feature of the cultivation of tobacco that has never been improved since I have known about it. They all have to be picked off by hand.

Secretary TAFT. Exactly. Where a man leaves it to the family he will usually not find the plants well tended. It is pretty hot in the Cagayan Valley, though comfortably under the trees. There is no European or American head to see to it that the work is done. Ordinarily the leaf comes to market, therefore, in a defective condition.

The CHAIRMAN. In the United States they cover it over and conserve its quality.

Secretary TAFT. I understand they do that for the purpose of getting a wrapper leaf.

The CHAIRMAN. And they also do that for keeping parasites off the leaf.

Mr. TAWNEY. Can you give us any idea what proportion of tobacco land in those provinces that you have named are owned and cultivated by the natives, and what proportion is owned by outsiders—Americans, Germans, or English?

Secretary TAFT. Well, I should say 75 per cent.

Mr. TAWNEY. Owned by the natives?

Secretary TAFT. Yes.

Mr. TAWNEY. And cultivated by the natives?

Secretary TAFT. Yes, sir; the tobacco business in the islands is largely—

Mr. WILLIAMS. Before you go to that, I would like to ask, are there any worms or insects that attack tobacco in the Tropics that do not in the Temperate Zone?

Secretary TAFT. I am not advised. All I know is that the crop of insects in the Tropics is larger than the crop of anything else. The islands have suffered for the last three years most disastrously from the locusts; they have stripped rice fields and other fields bare. We had to pass a law putting every man, woman, and child under the control of the presidente and the governor of the province for the purpose of meeting that pest as a public danger.

We sent them out into the fields to drive out the locusts—you will remember that you gave us a \$3,000,000 relief fund—out of this we bought rice to feed the natives while engaged in this work. And we were able to drive the locusts, before they became able to fly, into trenches. We sent out corrugated iron sheets and placed them at one end of a field where the locusts were, then the whole population gathered together and drove them into the ditches at the foot of these plates, and then they were buried. They were then what is called loctones, mere leapers, not fliers. By using that extraordinary means

throughout the islands this year the locusts have for a time been destroyed. But I am not prepared to say whether the locusts are tobacco consumers or not; I think not. But there are worms to which the plant is subject, and it is for that reason that they usually separate the tobacco plantation from the sugar plantation, because the sugar attracts all sorts of insects.

I was going to say that the reason for my answer—that about 75 per cent of the tobacco, probably a greater per cent, is produced from small farms—is that the tobacco business in the Philippine Islands is a business of buying. The Tabacalera Company, which is the largest, and a great many others have their buyers in every province, where tobacco is raised for export. These two provinces, the Isabela and the Cagayan, are full of buyers, and the oppression that we fear and try to avoid for the native is the oppression of the presidentes of the towns in insisting that the small tobacco planters shall sell to him, and he shall turn over to the company with a commission. We are constantly running into that kind of oppression and constantly removing the presidente because of his attempt to monopolize that which belongs to the small planters, and which in the aggregate in a town reaches a large sum. It is the purchase of tobacco on the small farms that make a large part of the business in Manila.

MR. COOPER. Is there any competition in the purchase of tobacco there?

Secretary TAFT. Oh, yes; the Tabacalera Company, which is the largest company, has the longest purse, and is the most successful; but there are other firms that are in the market purchasing, so that there is considerable competition.

Now, with reference to the price of tobacco, General Wright says that the wrapper leaf is worth in the Manila market to-day 30 cents, gold; and if you were to introduce it into this country at 25 per cent of the present tariff, making no charge for the freight, as I understand, it would bring it up to something like 76 cents; and he says the trade is of the opinion that the wrapper is all used in Manila factories and that none would come here under any circumstances. That would seem to be likely, because the local Connecticut wrapper sells for less, I believe, than 76 cents.

With reference to the filler leaf, he says the price in the Manila market is 10 cents, and for smoking tobacco 7½ cents. That would, without charging anything for transportation at all, with the duty at 25 per cent of the Dingley rates, make the cost of the filler leaf here about 18 cents a pound. As I understand it, Ohio and Pennsylvania and other filler leaf is considerably less than that.

The CHAIRMAN. About 10 cents.

Secretary TAFT. Well, so that on the whole I think that there was no particular danger, except the danger which has been suggested here that the American people are going to change their taste and let in the Philippine tobacco instead of Cuban.

MR. GROSVENOR. Do they export any tobacco now elsewhere than to the United States?

Secretary TAFT. They do not export any to the United States, and they export 19,000,000 pounds, 13,000,000 of which go to the tobacco monopoly countries of Europe. The rivalry which is feared, I understand, and with respect to which there is probably more basis than anything else in this discussion, is the fear with respect to cigars,



because the cost of labor in Manila is considerably less per thousand for cigars than it is here. I understand that the perfecto cigar is a cigar of a certain size, volume of tobacco, and of certain shape. Now, the perfecto cigars made of a Habana filler by Cubans in this country cost for labor \$34 and sell at \$120 a thousand. That the same cigar made by regular hand work, as I understand it, costs for labor \$17 a thousand, and is put on the market at \$70. But the perfecto of the Philippines costs in Manila about \$25 gold, and of that the labor is from \$6 to \$7 per thousand. The cost of this cigar laid down in the United States, not counting in the freight, but with the duty of 25 per cent, would amount to about \$45 per thousand.

Now then, the assumption that that would undersell Cuban tobacco—I mean Cuban cigars—is an assumption that I beg respectfully to dispute. I hope that the Philippine cigar will achieve a better reputation among American smokers after its exportation to this country than it has now. I have brought several thousands of cigars from the Philippines in ecstasy of Philippine enthusiasm, and have sent them to my friends who smoke, but the expression of thanks is for the courtesy but not for the cigars; and while that may not indicate that the taste will not be formed for Philippine cigars, it nevertheless shows that time must be taken, and that they will not permit a rival cigar on the same level as the Cuban cigar, whether that cigar be made in this country or in Cuba.

Mr. WILLIAMS. In that connection something was said here the other day as to bearing internal-revenue tax, if this law passed, equal to that which the same cigar bears, the same size, in the United States—the same amount per hundred and all that. What do you think of that?

Secretary TAFT. That grows out of—I have read that opinion—the peculiar wording of the statute. I think it would be fair to treat them, if they are coming in free, just as the other cigars are treated, and put on the \$3 per thousand of the tax. But I was going to point out that if the Philippine tobacco is to become a tobacco liked by the smokers here, then the duty of something like 1.12 cents per pound and  $6\frac{1}{4}$  per cent ad valorem on the cigars introduced in this country would give to the cigar makers the opportunity to go into the business of making Philippine cigars from Philippine tobacco just as they now have enlarged to such an extent in this country the business of making Cuban cigars out of Cuban tobacco.

I think you will find on calculation that the 25 per cent of the Dingley rate, which would be 1.12 $\frac{1}{2}$  cents per pound, with the ad valorem of  $6\frac{1}{4}$  per cent, would make up the difference so that an American workman could go into the business and make Philippine cigars just as he is making Cuban cigars to-day, and compete with the same Philippine cigar made in Manila. The sale of Cuban cigars at \$70 will not be interfered with in the slightest way by Philippine-made cigars at \$45. They will not be found to be in the same class. If, however, Philippine tobacco has this peculiar virtue which we hear about now, then that virtue can be put into American-made cigars of that tobacco and can be made at American wages at a less price than the same cigars of the same class can be imported from the Manila cigar factories.

I have not had experts to assist me, but it seems to me that if the committee looks into that it will find that the protection of 1.12 $\frac{1}{2}$  cents per pound and  $6\frac{1}{4}$  per cent ad valorem on the cigars in the Philippines will be ample protection to American labor. When you consult the

figures the fear expressed by our tobacco friends shows only less nervousness and timidity without foundation than that of the sugar people. Seven billions of cigars made in this country, and the number of cigars exported from the Philippines last year was 105,000,000. The domestic leaf in the United States used in making cigars is 140,000,000 pounds, and the number of pounds exported from the Philippines, both of filler leaf and smoking, is only 19,000,000 pounds.

Tobacco is raised in nearly every province in the Philippine Islands, but it is not usually exported, except from the provinces I have named. It is of a poor character, but it is quite sufficient to make cigars as long as two feet and two inches thick, that hang from the roofs of the cabins and are used as family cigars, the mother, the father, and the children all taking a whiff when convenient. The truth is, that in the United States you calculate that one-half—that is, the female portion—do not use tobacco at all, and not, I suppose, more than 60 or 70 per cent of the male. In the Philippine Islands, of the 7,000,000, I suppose six-sevenths of the men, women, and children must be considered as active consumers of tobacco. And that creates an enormous demand—I mean enormous in proportion to the population—for the tobacco which is raised in the islands. It is only the better kind of tobacco that is exported; the rest is used for home consumption.

I should be glad to answer any questions so far as I may.

Mr. GROSVENOR. I would like to make this suggestion. If we reduce the tariff on the raw material tobacco and bring it into this country, it would benefit, would it not, the manufacturer of cigars and the labor engaged in cigar manufacturing, in treating raw material?

Secretary TAFT. Yes, sir; if it became desirable.

Mr. GROSVENOR. Therefore if there is anybody hurt in this country it would be the grower of tobacco, not the manufacturer? The cigar makers are really opposing the cheapening of raw material of their products?

Secretary TAFT. I think that it will so turn out. I think on the other hand that the price at which the filler leaf is sold is such as not to endanger the ordinary filler leaf of Ohio and Pennsylvania; but the leaf of Connecticut, which is, I understand, to be the wrapper leaf, is very much better and is cheaper than the leaf used in the Philippine Islands.

Mr. GROSVENOR. That is what the Connecticut people say.

Mr. HILL. They are right about it.

Secretary TAFT. I only judge by the present market price.

The CHAIRMAN. I understood your comparison to be made between the cigars made by the Filipinos, Philippine tobacco, and the cigars made in the United States of Havana tobacco.

Secretary TAFT. And also I was trying to institute a comparison of what would be the cost of cigars made here with Filipino tobacco, especially the Philippine filler, with possibly the leaf from Sumatra, the \$2 a pound tobacco.

The CHAIRMAN. In the Philippine Islands?

Secretary TAFT. No; I mean here. That reminds me of something. My friend Mr. Bijur was very much afraid that we should become guilty of fraud in the Philippine Islands, and introduce the Sumatra leaf in the islands, and then reintroduce it into America, because the tariff on wrapper leaf there is about 23 cents a pound instead of \$1.85 as it is

here. I don't know but that is a danger, but it is a danger which this committee has full power to control. I assume from the statement that now there is no such fraud, that the custom-house is not permitting tobacco of that sort to come in. If that be true, all you have to do is to put \$1.85 duty on the Sumatra leaf coming into the Philippines. We have no objection to your doing so.

A MEMBER. Same as in Porto Rico?

Secretary TAFT. Yes, sir. Our Porto Rican cigars—I believe they make now about 60,000,000; and as I said before this morning, I can not find that they are quoted in the market.

Mr. GROSVENOR. They probably have a different brand by the time they get here.

Secretary TAFT. Now, understand me, if you please, not that it is not going to be a benefit to the Philippine Islands to reduce the tariff as proposed, but a benefit to the Philippine Islands in proportion to their production there may be a very great benefit; and yet so far as this country is concerned, with the enormous market that it offers, it will not create any injury to the trade.

One thing more—another step charged in the conspiracy we are engaged in—that is, the conspiracy of cutting down wages one-half and destroying the beet-sugar industry here is the currency of the islands. The truth about that is: When we went to the Philippine Islands we found a fluctuating currency that enabled great dealers, especially in hemp, to go down into the hemp country and deal with the hemp farmers and pay them in Mexican dollars, which were considerably less than 50 cents, and then they brought the hemp up and sold it in London for gold.

The metal fluctuated so that merchants and others who were dealing in the islands had no basis upon which to calculate as to future profits. The Oriental banking and other business under the fluctuating standard of value was simply a gamble all the time. We thought it would be better for the islands if we could secure a stable standard. The question was, should we introduce the American currency, as my friend Mr. Hill, of this committee, thought we ought to do, or should we use a different gold standard, but simulating the coin more to the coin which the people had been used to. The objection which was made to the introduction of the United States standard was that we should then have a dollar which would be just double the dollar, or a little more than double, that which the people of those islands knew. And that it would so disturb values and so create confusion, both with respect to the wages of labor and the price of commodities, that it might produce business disaster. We thought it would make much less change if we made as a standard the Philippine peso, equal to 50 cents gold, and approximating the Mexican peso, than to introduce a gold dollar. Just how that is a part of a conspiracy against the beet-sugar men of Michigan, I do not understand. But that is the fact.

Wages have not decreased. They have gone on increasing and will continue to increase as the country develops. We may see that with certainty, because of the experience we have already had in hemp provinces and in Manila.

Gentlemen have referred to fig-leaf workers in the field and the G-strings, reflecting upon the Filipino laborers. They do not wear a great deal of clothing in the fields of the Philippines. I fancy that if

an American were able to work out there he would not put on any more clothes than he had to. But they are Christian Filipinos; they have been Christians for three hundred years, and while they are not always as earnest in business and serving the Lord as we should like to have them, they average fairly well. It certainly does not conduce to argument to denounce them as fig-leaf savages. They are ours for the time being; they are our wards, and whether we would or not we must deal fairly and justly by them.

Now, I think I have covered everything, gentlemen.

The CHAIRMAN. If there are no further questions, I think that will be all, Mr. Secretary. Do you desire to have the tobacco expert appear?

Secretary TAFT. I should like to have him; yes. I have not had a chance to talk with him.

The CHAIRMAN. We will hear him now.

### *Report of Governor Gonzaga.*

[Introduced by the Secretary of War.]

#### THE CULTIVATION OF TOBACCO IN THE PROVINCE OF CAGAYÁN.<sup>a</sup>

Cagayán, situated in the extreme north of the island of Luzón, enjoys a more temperate climate than the other provinces of the Philippine Archipelago. Surrounded by mountains covered with vegetation and crossed in all directions by rivers and estuaries there is maintained in the soil by the frequent overflows an accumulation of those fertilizing agencies essential to agricultural purposes.

The implements and methods of agriculture used by the inhabitants of Cagayán for the cultivation of rice, wheat, tobacco, corn, cotton, vegetables, etc., are of the most primitive kind, as is the case in all the provinces of the Philippine Archipelago.

The plow used in the preparation of the fields is of Chinese model and origin, with narrow shares, shaped like wings, of a smaller size than those used in Europe. To this a carabao is hitched, the only work animal used by the Filipinos, perhaps by reason of its greater strength and endurance as compared with all other cattle of the country. In spite of this, the plow hardly penetrates the soil more than 10 centimeters in making furrows in irrigated lands used for the cultivation of rice, while in dry lands and fields intended for tobacco the farmer finds it necessary to cross the ground three, four, or even more times in different directions in order to turn the earth over to a depth of 25 or 30 centimeters.

The Spanish Government, in creating a State monopoly of the sale of tobacco, extended the cultivation of this article throughout this province at the expense of all other agricultural products, the cultivation of which was greatly restricted; at the same time subjecting all agricultural labor connected with the production of tobacco to a strict accounting, without regard to private property or the climatological conditions of each locality.<sup>b</sup>

Such action was a useful lesson in agriculture to the inhabitants of Cagayán, because it proved that in sections within the influence of the seas, although tobacco grows and develops, it is of bad quality and of a disagreeable flavor. For this reason the districts on the seacoast as far as Lallo were not forced to engage in the cultivation of this article, which was confined, as it still is, to the interior districts—such as the Gattaran, Nassiping, Alcalá, Baggao, Amúlung, Iguig, Peña-Blanca, Tuguegarao, Enrile, Solana, Córdoba, Santo Niño, Piát, Tuao, Manauanan, and Malañeg—situated on both sides of the Río Grande de Cagayán, of the Río Chico de Itaves, and the estuaries of the same. These municipalities, being at some distance from the sea, produced a tobacco of good quality and pleasant to the taste, although the quality varies according to the soil properties peculiar to each site and locality. The other municipalities, such as Lallo, Camalaniugan, Aparri, Buguey, Abúlug, Pamplona, Sánchez Mira, and Clavería, by reason of the influence of the sea, which borders or is near them, yield a tobacco of a very poor quality.

<sup>a</sup> This report was prepared by Gov. G. Gonzaga, supervisor of the census, province of Cagayán, Luzón.

<sup>b</sup> This monopoly was established by royal decree, 1781, and was terminated December 31, 1882.—*Director*.

Furthermore, in the municipalities and sections which produce tobacco there is a notable difference between the high and low land product, both in the strength and development of the plants and in the quality of the leaves. An explanation of this may be found in the fact that high land is considered such land as is separated from the rivers and estuaries and is not covered by the waters of the overflow, and low land such fields adjoining the rivers and estuaries as are frequently inundated. Thus, the high lands do not receive the fertilizers which the waters deposit in the low fields or lands, so that the nutritive components which the former contained are gradually consumed, until in time they become exhausted and the land unproductive.

Nevertheless, there is an advantage in the high lands, originally wooded and volcanic, over the low lands during the period of their full productive vigor and force, as a crop is always assured the grower, and there is no fear of an abnormal overflow of the rivers before the crop is harvested. This sometimes occurs in the low lands, destroying plantations, houses, and tobacco storehouses, or covering the plants with water for a period of three, four, or five days, leaving the leaves rotten and worthless.

There are, therefore, different kinds of lands used in the cultivation of tobacco, such as high, argillaceous, and calcareous lands; high lands, originally wood lands, which are volcanic and sandy; fairly high lands, near rivers and estuaries, and low lands. The last named, with the exceptions noted, are the most suitable lands for tobacco, producing the best plants, with exuberant foliage, of good quality, color, and agreeable flavor; next in quality come the fairly high lands, then the cleared wood lands; and then, in the last place, the high, loamy, or calcareous lands. The last two classes of land require artificial fertilization in order to be profitable, while the low lands receive fertilization naturally from the sediment which the waters deposit during inundation.

The Cagayanes have never used fertilizer of any kind in their fields. On several occasions attempts have been made on the San Antonio, Santa Isabel, and Maluno plantations to use artificial fertilizers, but they were unsuccessful on account of the opposition of the Filipino laborers. Up to the present time the ordinary Filipino does not understand the necessity or advantage of using fertilizers.

The growers on high lands usually fertilize them with carabao or cow manure, which is mixed with the earth in plowing, or, when they have no manure on account of a lack of animals, as is the case at the present time, they use cornstalks, which they permit to rot.

#### SEED BEDS.

Seed beds are the places in which tobacco seed is sown, and from which the shoots are transplanted to land properly prepared, where the plants develop fully. These seed beds must be on high land, protected from the overflow of the rivers and close to the house of the farmer, in order that the great care which the tender plants require may be given them. Usually a place is selected for the seed bed which is not shaded by trees or houses in order that the seeds may receive the benefit of the winds and of the sun, which they require for their germination, and to prevent the new plants from being weak and delicate. These seed beds are usually made on level land from 40 to 50 feet square, or sufficiently large for double the number of plants which are required. It is surrounded by a small ditch containing water for sprinkling, the earth from which is placed in the middle of the inclosed section for the purpose of elevating it so that the water may drain off. The farmer works this section of land carefully until the soil is pulverized, and sometimes fertilizes it with rather dry manure. It is divided into beds 3 or 4 feet wide, separated from each other by small longitudinal ditches of little depth, in order to avoid the retention of the rain or sprinkled water, which might rot the seed or injure the delicate roots of the tender plants. After the land for the seed beds has been prepared the seed is scattered in the beds when the land is somewhat moist, either from previous rains or a moderate sprinkling.

Tobacco seeds are taken from the flowers of the strongest and most vigorous plants, which are reserved without topping and left to flower and go to seed. The pods are cut when ripe and placed in the sun to dry in order that the seeds may be easily removed from them. The seeds are kept in earthen vessels in order to protect them against such humidity as would be injurious until the time comes to prepare the seed bed.

Before scattering the seed it is mixed with fine dry sand or ashes in order that it may be properly distributed and separated, and is lightly pressed into the ground with the foot.

Different kinds of tobacco leaves are known, which are the product of several kinds of seed. The common varieties known in this province are Catabacuan,

Espada, American or Habana, also known as Isabela, Decorazon, and Vizcaya. The first named, which produces leaves barely 35 to 38 centimeters long, but of an agreeable aroma, has been abandoned, because the plant hardly reaches the height of a meter, giving in proportion to its height a small number of leaves, requiring, in addition, great care, because it is the variety most subject to the ravages of worms. At the present time the only varieties cultivated are Habana or Isabela and Vizcaya, which grow to a height of  $1\frac{1}{2}$  or 2 meters, while the leaves are 1 meter or more in length and 50 centimeters or more in width. They produce leaves in proportion to their height and yield more leaves than other varieties without suffering in aroma or flavor, although they are different from the Catabacuan variety.

The season for the preparation of seed beds is governed by the character of the soil to which the shoots are to be transplanted. For highland, with regard to which there is no possibility of inundation, the seed beds are prepared in July and August and the transplanting takes place in September and October, while with lowland the seed is sown in October or November and transplanting occurs in December or January.

Careful growers prepare the seed beds from which transplanting is to take place in highlands in soil of the same character, an effort being made to have the soil of the seed bed and that to which the transplanting is to take place identical in quality, in order that the roots may not suffer from a different soil on being transplanted. But unskilled or careless growers do not observe this detail which is essential to the acclimatization and development of the plants.

After the seeds have been sown, the grower protects them against excessive heat and rain by means of shelters or covers made of bamboo or palm, or banana leaves, with which the seed beds are covered from 10 o'clock in the morning until 4 or 5 in the afternoon, on very sunny days, or when the rains are heavy and abundant. When the weeds have sprouted, the family of the grower begins to remove them and also the worms from the tobacco plants. This must be done daily, morning and evening, until the time of transplanting.

During the period of the tobacco monopoly these shelters were prepared, because the employees of the government forced the natives to do so. When they were free, in so far as the cultivation of tobacco was concerned, they immediately abandoned the shelter of the tobacco in the seed beds, and at the present time properly cared-for seed beds are seen only on plantations managed by Europeans.

Nor does the native take the trouble to irrigate the seed beds; he simply sows the seed and leaves the rest to Providence.

On very hot and dry days the seed beds should be carefully sprinkled, in order that they may not bake, and if, after they have sprouted, it is noticed that the plants are rather thick or close together, they must be thinned in order to permit the remainder to have sufficient room for development.

Tobacco seed beds should be plowed four times, but the Cagayanes seldom do so more than twice; it would be too much work for them.

A grower who leaves the care of the seed bed to his family is not free from work himself, because after the seed bed has been prepared he begins the preparation of the field to which the plants are to be transplanted, and is obliged to plow the ground two or three times a week for a month until the surface soil is well mixed and almost pulverized.

After forty-five days, or, at the furthest, sixty, when the plants have attained a height of 25 or 30 centimeters, the plants are ready to be transplanted from the seed beds. The plants are pulled with care, not much before or after the period mentioned, because if done before, the roots are weak and have not sufficient strength to develop in foreign soil; and if it be done much later the vertical roots would be injured when the plants are pulled.

The method observed for pulling the plants to be transplanted is to moisten the soil, if the weather be dry, in order that the roots free themselves easily. The most flourishing plants are selected, and with a small stick in the right hand, which is inserted beside the plant to be pulled, it is pressed in the direction of the root, and with a slight effort with the hand, in order that the end of the stick may rise toward the surface, the plant, which is held in the left hand, comes out without resistance, together with its vertical root and horizontal rootlets, without the slightest injury. This work is done during the coolest hours of the day, as, for example, between 4 and 9 o'clock in the morning and 4 and 7 at night, and on moonlight nights it usually takes place between 5 and 10. When a sufficient number of plants for the transplanting in one day has been pulled during the hours mentioned, the plants are well arranged in a basket and covered with banana leaves and taken to the ground which has been prepared for the transplanting.

## TRANSPLANTING AND CULTIVATION.

Before transplanting the grower plows longitudinal furrows on the ground, making them deep in high and chalky lands and not so deep in loose soil, with a distance of a meter, more or less, between furrows. Behind the plow usually follows a member of the family, who carries the basket of plants and drops the plants in the furrows one by one, at intervals of 1 meter or 1 vara. He is followed by another member of the family with a sharp stick, with which he makes holes in which he places the plants, leaving all the leaves above the ground, and taking care that the roots and the stalks enter the holes without bending, in order to keep the plants from dying or having a sickly growth. If the ground is quite dry, it is customary to water the plant, taking care not to let the water fall on the leaves, thus breaking them by the weight of the water.

After the tobacco has been transplanted, dead plants are replaced in order that the rows may have the same number of plants and no space be left unoccupied.

Three weeks after the planting it may be ascertained from the vigor and strength of the plants whether they have perfectly taken root in the soil. In such case the farmer passes with the plow in the space between the rows of plants in order to cast up the soil on the portion of the stalk uncovered by the earth.

When it is observed that the leaves which form the top of the plant are beginning to grow, which will be about two and a half months after the plant has taken root in the new soil, it is topped by cutting the buttons in order to prevent it from developing vertically, and at the same time the lowest leaves near the ground are removed in order that the nutritious juice shall concentrate in the remaining leaves, and the soil is again gathered around the stalk of the plant. This work leads to the sprouting of suckers, to which a careful grower gives much attention, removing them when the leaves of the plant have been removed, leaving only two or three of the strongest and most vigorous, which will give good leaves like the plant. With this care the leaves of the mother plant, as well as of the suckers, are gummy and of excellent quality.

Notwithstanding what has been said regarding topping, it must be remembered that the grower does not do this to all the plants, because were he to do so he would be left without seed. When the topping is done some plants are left to grow and blossom, from which the seed is taken, as has been mentioned.

After this comes the hardest work for the family of the farmer: this is the removing of the worms which attack the leaves and destroy the plants. This is carried on through the entire field from plant to plant and from leaf to leaf every day from daylight until about 8 or 9 o'clock in the morning, and after sunset in the evening until about 8 o'clock, or even later on moonlight nights. This terrible tobacco plague, by a fatal instinct, selects the best plants and attacks the most healthy and juiciest or gummiest leaves, and sometimes, notwithstanding the zeal and activity of its exterminators, makes great ravages at night when it is impossible to combat them. Some of the more careful growers sacrifice their hours of rest and work at night by the light of torches; but such growers are very few in number, and rich planters usually have this done by their servants and laborers.

Three varieties of these insects are known—the green, which eat the top or crown of the plant; the yellow, which attack the leaves; and the black ones, which perforate the trunk, causing the strongest plant to fall to the ground. As yet the origin of these insects or a remedy to prevent their ravages has not been discovered.

A small, white moth, flying around at night, deposits its eggs on the tobacco leaves. These bear the worms which feed on the green tobacco. It would be easier to kill the moths at night with the aid of lights, but this is too much trouble for the Cagayanes.

## CUTTING AND CURING THE LEAVES.

When the tobacco leaves are ripe, which is known by their yellowish color, they are ready for cutting. The upper leaves ripen first. The method employed for cutting or pruning the leaves of the plant is to take the leaf by the stem with the three principal fingers of the right hand and with a small downward effort, supporting the plant with the left hand, to detach it without injury. This is done between 8 and 12 o'clock in the morning and 3 and 5 or 6 in the afternoon. It is not advisable to do the cutting earlier or before the dew which has settled on the leaves during the night has evaporated, as this would cause dark-green spots to appear on the leaves and injure their quality.

When the cutting takes place the grower, together with his family, goes into the field with a carabao cart, in which the cut leaves are placed in regular order in a vertical position with the stems downward, so that the points may not be injured.

When the cart has been filled the leaves are covered with palm or banana leaves and taken in this condition to the drying shed or to the house of the grower, where they are placed in piles, care being taken that the leaves receive no blow or injury which would leave a spot and deteriorate their quality. The family of the planter places them on sticks or inserts them by the stem in split bamboo about half an inch thick and two or more meters long, which come to a point. A space of a centimeter is left between the leaves, so that when they are placed in the curing shed they may all have equal ventilation, as the leaves which do not receive this would mildew, thus injuring their quality and giving the tobacco a disagreeable flavor. When the leaves have been placed on the sticks they are hung from the roof of the shed with ample space between the rows. No space at all is left between the leaves, but on the contrary as many leaves as possible are squeezed on one stick.

As a general rule curing sheds are not used. About 10 per cent of the growers of tobacco have curing sheds, the others drying their tobacco in the sun until it loses its green color, after which it is hung in the house until sufficiently dry. But there are many who do not wait for it to dry completely, the consequence of which is that it rots and the leaf loses its consistency. Bad and irregular coloring prevails at the present time in Philippine tobacco, due to a great extent to the drying in the sun.

As is known in all tobacco-producing countries, the drying and curing must take place in a dark, shady place, in order that the color may be uniform.

The drying shed has a nipa or cogon roof supported by wooden posts, well raised above the ground, and usually without floor or walls, although some have movable walls of woven bamboo, which may be opened or closed under certain conditions. The dimensions of the drying sheds vary according to the amount of tobacco and the activity and resources of the farmer.

During the time of the tobacco monopoly under Spanish domination the tobacco grower was obliged to build a drying shed at his own expense, in addition to those which the Government built in certain populous barrios. But since the cessation of the monopoly, by which the cultivation of tobacco has become entirely optional with the planter, curing or drying sheds have been disappearing to such an extent that at the present time there are but very few farmers who build drying sheds, supplying the lack thereof with the lower floor of their houses and their porches, and when these are not sufficient they use the upper floors of their dwellings and their kitchens.

The advantages of special drying sheds are the orderly arrangement of the leaves, good ventilation, and the protection afforded during the season of heavy rains.

Sheds without walls, during rainy periods, give the family of the grower work in wiping the leaves with a cloth in order to remove the moisture they may have received. But if the tobacco is cured in the house, the leaves suspended beneath the floor receive all the dust which sifts through; those on the upper floor, on account of the constant movement of the people dwelling therein, frequently receive violent blows which produce spots and defects; while those hung beneath the eaves are exposed to the sun and rain, which destroy their special quality. It is advisable, according to some planters, that the tobacco leaves be exposed to the sun two or three days before being hung up for curing because they thus get a better color later when they dry, but expert growers are of opinion that this is injurious because it gives them a disagreeable flavor.

The time required for curing the tobacco leaves varies according to their size, the season, and place. Small leaves in drying sheds and those hung under a roof take from fifteen to twenty days, and the large leaves from twenty-five to thirty days; those exposed to the sun dry in a relatively shorter time. But during rainy weather the process takes longer, because the humidity prevents the leaves from drying well, and if they are not completely dry, fermentation progresses too rapidly, exposing them to burning, when they become a total loss to the planter.

When the leaves are quite dry the sticks are carefully taken down and placed in piles from 6 to 8 meters square, and of 2 or more meters in height, according to the quantity of tobacco, which also regulates the number of piles. The latter are covered with mats 1.25 meters long and 1 meter wide, which are placed on the sides and tops. These mats are made of *basta*, the bark of the banana trunk, divided into strips of 8 centimeters in width, which are dried in the sun, made into mats, and used for the wrapping of tobacco.

Every four days the piles are turned—that is, the sticks are turned so that fermentation may be equal in all the leaves.

As it is impossible to judge of the quality of the leaves when they are strung for drying by reason of their freshness and greenness, the persons who do this look only at the size, stringing on the same stick the leaves of one size. After the second turning over the leaves are removed from the stick and are sorted, when they are placed



on sticks of a shorter length—1 meter or less long—and are again placed in piles in the manner mentioned, but are turned over every six or eight days until this has been done three or four times.

While the leaves are being piled and turned over they acquire their color gradually, but before they have the desired color the leaves are again taken from the sticks and tied in bundles of ten by their stems, every ten bundles forming a pack, commonly called a "hand." This is a simple but delicate operation, because in forming the bundles, which are tied with thin strips of basta, without separating the ten sets of ten leaves which the stick contains, they are gently smoothed in order to cause the creases to disappear, the stick is withdrawn, and the hundred leaves are carefully rolled, care being taken to keep the borders of the leaves inside. Then the roll is tied with strips of basta at three points, one in the middle and one at either end of the hand.

These hands or packs are again piled, and in order to cause them to ferment large piles are made, with the stems of the leaves on the outside, so as to prevent the points of the leaves from being injured. If the piles are square they are left with openings at regular intervals, which are called "tronerias," and serve as ventilators to prevent a too rapid fermentation, which would burn the tobacco; if the piles be round or circular, a hole is left in the center.

The number of times these piles, which are known by tobacco planters as "mandalas," should be turned over is regulated by the quality of the tobacco leaves; if the leaves are thick or juicy and gummy and the weather is quite dry the pile is turned after six or eight days, and if it be damp or rainy weather, after ten or eleven days. Fine leaves require two days more, and are turned over two or three times more until the leaves acquire a more or less dark chestnut color.

Tobacco planters and those engaged in the tobacco trade in this province who are familiar with the work of curing the tobacco do not need to know the age of the piles in order to know when they should be turned, because the odor of the tobacco indicates the proper time. When fermentation begins more heat than usual is noticed in the spaces between the leaves when the hand is inserted therein, the degree of heat increasing daily; after four or five days the tobacco gives out an agreeable odor, which becomes accentuated day by day until it becomes almost repugnant. Then turning should take place and not a single day should be permitted to elapse, because of the danger of burning the bundles in the lower part of the pile. After the hands of tobacco have been turned three or four times in the pile they are ready for the market.

We have spoken of the suckers which grow from the plant after it has been topped. In order that these suckers may yield large leaves of good quality, after the leaves have been removed from the stalk the grower cuts or removes all the suckers but two of the strongest and healthiest ones, selected beforehand, one near the bottom and another about a third of a yard higher; then the stalk is cut at the joint where the sucker grows, in order that the fertilizing juices may properly nourish the leaves and hasten the ripening.

#### EXPENSES AND PROFITS.

The opinion is general that tobacco is the most profitable crop to the planter in the Philippines. This opinion is confirmed by the high price which this product has brought some years in the Manila market. The high prices which have obtained for two consecutive years, 1900 and 1901, and which will not return in view of the state of the foreign markets, can not serve as a basis for a calculation of the profits. Such a calculation, to be approximate, should be based on the ordinary prices which tobacco brings in the locality where the growers sell their products. The expenses they incur must also be considered, because without this data it would be impossible to judge of the profits.

In order to ascertain these facts—that is, expenses and profits—it is necessary to look into the manner in which the grower or planter of tobacco places his product on the market.

It has already been said that the last work connected with the tobacco leaves is to make bundles of every 100 leaves tied together. Every 40 bundles form a bale, in which form the tobacco is offered for sale.

The price of the tobacco bales is fixed according to the class of the article, or is agreed upon between the purchaser and vender. Formerly, after the cessation of the monopoly it was lower, but has increased notably and is being maintained at the present time.

Tobacco is divided into five classes, from the first to the fifth, depending on the length of the leaf, absence of spots, and defects, such as breaks or holes made by worms.

The leaves of the first class should be 45 centimeters in length from the stem to the point. Those of the second are 39 centimeters in length, clean and sound, as those of the first. Those of the third class are leaves without spots and defects, 26 centimeters in length. Of the fourth class, the leaves contain some spots, breaks, or perforations made by worms, and are 24 centimeters long, while the fifth class consists of leaves of the same character 22 centimeters long. It should be noted that bundles of leaves having the length of the first class or a greater length, but with six or more leaves having black or greenish spots, or breaks or perforations, are put in the next lower class; if the number of defective leaves exceeds 12, the bundle goes to the third class, and if the number of the defective leaves reaches 20, it descends to the fourth class.

This was the classification under the Spanish monopoly, but at the present time no one pays any attention to it, and the tobacco is classified as the grower may wish. This is due, to a great extent, to the competition in the market. According to a former agreement, fixed prices have been set for each class of tobacco, and these have not apparently changed, but in reality they are changing continually, because if there are few purchasers the tobacco is classified as it should be; but as soon as the demand increases the purchasers do not observe the classification so strictly, and tobacco of the second class is classified as of the first, that of the third class as of the second, and so on. By this means the grower receives a higher price than the customary one.

With the data mentioned, the expenses and profits may be shown, taking as a basis 1 hectare of land.

One hectare of low land is valued at \$200 at the lowest, and of high land at \$100.<sup>a</sup>

In order to properly prepare the land for the seed beds it should be plowed several times. This necessitates the labor of 1 person with a carabao for two days, at \$1 per day.

The preparation of a hectare of land, by plowing several times in different directions, requires the labor of 1 man with a carabao for twelve days, which; at 1 peso per day for the man with his carabao, would amount to \$12 Mexican.

For sowing or transplanting seeds in 1 hectare of land, 3 men and 1 carabao are necessary for five days, which, at 50 cents per day per man and carabao, amounts to \$10 Mexican.

As has been already stated, the tobacco plants require great care on the part of the grower, if he wishes to see his hopes realized. This care must be continuous and varied during development, beginning with the removal of foreign growths, which might deprive them of some of the fertilizing juices, then the hilling of the plants, afterwards the extermination of the worms, the last work being the most laborious one, but of the greatest importance to the grower. Supposing that 4 men are employed on this work five hours per day for a period of forty days, each one earning  $3\frac{1}{4}$  cents per day, the amount would be \$50 Mexican. This would not include the work of topping the plants, the removal of the suckers which grow after the topping and of the leaves which are on the stalk and touch the ground.

For the gathering of the leaves 4 men are necessary, with 1 carabao and wagon or cart. They are engaged for three days each during three seasons at the rate of 50 cents per day per man and 50 cents for the carabao, the total amounting to \$22.50 Mexican.

As the leaves are cut from the plants they are placed in the cart, covered with palm or banana leaves, and transferred to the house, where they are received by 4 women, who sort them according to size. After they have been sorted they are placed on sticks or on split bamboo 1 centimeter in thickness with a pointed end, and after a sufficient number of leaves have been placed thereon, with the spaces between them which are necessary for ventilation, the stick is hung in the place set aside for the curing. This work takes as long as the gathering, and estimating the daily wage of each workwoman at half a peso Mexican, the sum total of the wages for the four women during the nine days would be \$18 Mexican.

When the sticks are taken down from the drying shed they are placed in piles. For the piling of the leaves of 1 hectare of land it is necessary to employ 4 persons for three days each, whose wages, at 50 cents per day, would amount to \$6 Mexican. We do not consider the work of turning the piles, which is done once, twice, or oftener, according to the care and diligence of the grower.

After the turning comes the laborious and delicate task of selecting and separating the leaves into classes. This operation is one for women exclusively, and supposing that in one day 25 women are engaged, and that in addition to the classification of

<sup>a</sup>All money values are expressed in Mexican dollars (or pesos), the local currency in the Philippines.—*Director*.

the leaves they tie them by tens by the stem and string each ten bundles on another shorter stick, the wages would be 50 cents each, or \$12.50 Mexican.

In order that the tobacco may be in proper condition for the market another operation is necessary. This consists in dampening the leaves to give them some elasticity, so they will not break when smoothed and ironed. The hundred leaves contained on each stick are removed and fastened in three parts, in order that they may not become untied in turning. If it be supposed that 25 women are sufficient on this work for one day, at 50 cents each per day, which is a low estimate, the amount would be \$12.50 Mexican.

The hands are again piled and the piles turned over two, three, or four times in order to avoid a rapid fermentation, which would result in burning the tobacco. Supposing that four turns are given to the piles, which is the usual number necessary, and each turning be done by 2 men in two days, the wages would be \$8 Mexican.

These expenses are incurred by a tobacco grower in cultivating 1 hectare of land, and do not include the interest on the estimated value of the land.

In order to ascertain the profit to the tobacco grower the following high estimates are made: It is first considered that 10,000 plants have been transplanted to 1 hectare of land; second, that 20 leaves have been gathered from each plant—that is to say, 12 from the plant and 8 from the two suckers which ought to be left—giving a total of 200,000 leaves gathered from the 10,000 plants, which, reduced to bales containing 40 hands, and the hand 100 leaves, would make 50 bales of the 200,000 leaves from the 10,000 tobacco plants.

The price of a bale of tobacco, according to class, is determined and fixed by custom, which is changed with difficulty; so that in the deal for the sale of this article the purchaser and vender do not speak of the price, because it is taken for granted that it is the market price, and consequently the agreement is confined to the classification and amount.

An explanation having been made of the classification of tobacco leaves, their prices per bale are: For first class, \$14.25; second, \$9; third, \$4.12½; fourth superior, \$2; fourth current, \$1.50; and fifth, \$0.50.

Supposing that 200,000 leaves gathered would yield 50 bales of 40 hands, and supposing that of these 50 bales, one is of the first class, three of the second, six of the third, twenty of the fourth superior, twelve of the fourth current, and eight of the fifth class, and that the leaves of the fifth class are raised to the fourth current in order to increase the value of the crop, nevertheless, if it is desired to ascertain the exact and true value at 50 cents per bale of the 20 bales of the fourth class above mentioned, an exact proportion must be secured.

Expenses and income are summed up in the following table:

*Expenses and income to the grower of tobacco for 1 hectare of land.*

EXPENSES.

Wages of 1 man and 1 carabao for 2 days, for the preparation of the seed bed, at 50 cents per day for the man and the same amount for the carabao.	\$2.00
Wages of 1 man and 1 carabao for 12 days' labor in preparing 1 hectare of land, at the rate of 50 cents per day for the man as well as the carabao.	12.00
Wages of 3 men and 1 carabao for 5 days, for sowing or transplanting, at 50 cents each per day	10.00
Wages of 4 men, for the cleaning and care of the plants, at the rate of 31½ cents for 5 hours' work per day	50.00
Wages of 4 men and 1 carabao with a wagon for 9 days for the gathering of the leaves, at 50 cents per day each, as also the carabao	22.00
Wages of 4 women, at 50 cents per day, for the sorting, placing on sticks, and in the drying shed of the tobacco leaves, for 9 days	18.00
Wages of 4 women, at 50 cents per day, for 3 days, in piling the sticks of tobacco after curing	6.00
Wages of 25 women, at 50 cents per day, for classifying and making of bundles, for 1 day	12.50
Wages of the same, at 50 cents per day, for ironing and formation into bundles, for 1 day	12.50
Wages of 2 men, at 50 cents per day, for turning the piles four times, at the rate of 2 days for each time	8.00
Total	153.00

## INCOME.

Proceeds from tobacco leaves from 1 hectare of land:	
Of the first class, 1 bale.....	\$14. 25
Of the second class, 3 bales.....	27. 00
Of the third class, 6 bales.....	24. 00
Of the fourth superior class, 20 bales.....	40. 00
Of the fourth current class, 12 bales.....	18. 00
Of the fifth class, 8 bales.....	4. 00
Raising to the fourth class current the 8 bales of the fifth class, the increase is.....	8. 00
Balance in favor of the expenses.....	17. 75
Total.....	153. 00

The calculation regarding the cost of the amount of tobacco cultivated in 1 hectare of land is entirely misleading, because in no place in the province of Cagayan is there a planter who works his lands with paid labor; furthermore, it would be absolutely impossible to cultivate tobacco in this manner and obtain positive results—that is to say, as long as the necessity exists of employing native laborers. The reason for this is that the native does not work for less than 75 centavos, or 1 peso, per day, and as he is so lazy, he works only two or three hours in the morning and a similar period in the afternoon.

The grower usually prepares his seed beds without assistance, and when the time for plowing comes he calls upon five or six of his neighbors, all of whom come with their plows and carabaos, and in a few hours in the mornings and afternoons, for a few days, prepare the beds for the reception of the small plants. For the purpose of effecting the transplanting they call upon the women and children of neighboring families, and this work is also done in a few days. They thus assist each other, but without spending a cent. Upon the conclusion of the transplanting the man does nothing more, leaving the care of the field to his wife and children. The cutting of the ripe leaves is also left to them. At the cutting period all the man does is to transport the cut tobacco to his house by wagon, where all the other work of piling, curing, etc., is done by the women.

The grower pays nothing for help, and the money that he receives from the sale of his tobacco is considered by him as clear profit, as indeed it is.

It is very rarely the case that a hectare produces 50 bales. This result may be obtained only by using the shoots, but as their leaves are very small they have hardly any value and are never classed above the fifth class. In well-cultivated lands where the plants receive the proper care a plant does not yield more than 15 leaves, and one hectare would thus yield 37 bales and 20 hands.

In the crop of 1903 the proportion of the different classes of tobacco produced in the province of Cagayan was as follows:

First class, 1.2 per cent, or in a crop of 50 bales, 0 bale 24 hands.

Second, 3.1 per cent, or in a crop of 50 bales, 1 bale 22 hands.

Third, 6.5 per cent, or in a crop of 50 bales, 3 bales 10 hands.

Fourth superior, 11.7 per cent, or in a crop of 50 bales, 5 bales 34 hands.

Fourth ordinary, 31.1 per cent, or in a crop of 50 bales, 15 bales 22 hands.

Fifth, 46.4 per cent, or in a crop of 50 bales, 23 bales 8 hands.

If the tobacco is cultivated as it should be, it is an easy matter to secure in 50 bales—3 bales of the first class, 5 of the second, 8 of the third, 10 of the fourth superior, 19 of the fourth current, and 5 of the fifth. During the last year of the monopoly, 1882, the Spanish Government sold the first class in Manila at \$112 per quintal, when exchange on London was at 4.01; now a quintal of the first class brings hardly \$30 Mexican. All this is due to the great carelessness of the grower.

In the above estimate it has been indicated that the number of leaves of tobacco for 1 hectare of land is 200,000, equivalent to 20 per plant; but this is rarely the case, because the plants do not all attain the same height, nor do they all have the same number of leaves, and even if this were so it would be impossible to avoid some being injured and rendered useless. A more correct estimate would be 15 leaves per plant, in which case the result would be 36½ bales.

The estimate is also high regarding the classification, because ordinarily in a crop of 50 bales there is not found one of the first class nor three of the second, although the proportion of the other grades is frequently found in a number of bales of this size.

After the growers have sold their tobacco, the buyers, in order to increase their profits, are obliged to incur other expenses for the purpose of improving the quality

of the tobacco, or at least to preserve the quality it had when bought, as also the expense of packing it for transportation.

This work consists in making piles which are covered with mats, so that the tobacco may ferment and get a better color. The piles are turned two or three times, according to the condition of the leaves, in order to dry them sufficiently before packing to prevent fermentation after packing.

When the tobacco is ready for packing, the merchant or trader again sorts and grades it to suit himself, but always endeavoring to improve the class, because if he retains the grades as he bought them, a loss would be inevitable.

After classification, the tobacco is again piled according to classes, and the packing is proceeded with, every 3 quintals or  $2\frac{1}{2}$  hands of tobacco being wrapped in two mats and pressed into a bale of a quadrilateral shape 1 meter and 10 centimeters long, by 70 or 80 centimeters high, and tied with split bamboo from end to end and crosswise.

After the packing is completed, the bales are either stored or hauled to boats for transportation to the port of Aparri, where they are loaded on ships for Manila.

In brief, all the expenses of the trade, including the improvement and packing of the tobacco purchased, the transportation of the bales from the warehouse to the river and to Aparri, the unloading at that point, and storage if there should be no vessel in port for Manila, transportation to the vessel, freight from Aparri to Manila, cost of marine insurance, unloading and storage in Manila, fire insurance, and sale commission, if the tobacco is not sold on board, are estimated at \$7 per bale of  $2\frac{1}{2}$  or 3 quintals.

The weight of the tobacco depends on its quality, so that tobacco of the first class has more weight than that of the second, and so on.

Thus, a bale of 40 hands of tobacco of the first class varies between 50 and 60 pounds; of the second class, between 40 and 50 pounds; of the third class, between 35 and 40 pounds; of the fourth superior class, almost the same as the third class, because the defective leaves of the superior grade are included in it; of the fourth current class, between 30 and 35 pounds, and of the fifth class, between 20 and 30 pounds.

The weight varies according to the quality of the crop and according to the classification and competition. The weight of the crop of 1903 gave the following results: One bale of the first class, 50 pounds; second class, 45 pounds; third class,  $34\frac{1}{2}$  pounds; fourth superior, 34 pounds; fourth current, 20 pounds, and fifth, 11 pounds.

When 50 bales of the best qualities of tobacco (from first to third grade, inclusive) represent a third part, more or less, of a crop, it can be estimated at 5 bales per quintal of one class or another (from first to fifth grade), and, therefore, from the 50 bales 10 quintals are secured, which, sold at \$20 per quintal, amounts to \$200; but the price of tobacco in the Manila market fluctuates according to the demand. At the present time it barely brings \$15 per quintal.

Due to the depreciated value of tobacco in the Manila market, there is a scarcity in the province of dealers in the article, and although there still remain here the agents and buyers for the mercantile houses, who engage in the purchase of tobacco from the growers, the absence of other buyers injures the interests of the growers to a notable extent, not on account of the reduction in price of the article (which, being fixed and standard, can not be changed), but due to the low classification of the tobacco, on account of lack of competition, which is more prejudicial than the reduction in price, by reason of the great difference in the value of one grade as compared to another.

The growers or planters of tobacco are convinced that the cultivation of tobacco brings them more profit than any other agricultural product, because they take no account of the money invested in the land or its exhaustion from continued planting, or the work of the carabao, or that of the members of their families or the relatives, neighbors, and friends who assist them, because such work is repaid in kind. When their carabaos die, or when they have none, or when they have no money for their necessities, they apply to Chinese or Filipino traders for a loan of money at an interest of 50 per cent, payable in tobacco at harvest time. They do not consider the high interest, provided they satisfy their necessities, no matter how puerile they may be, because they expect to pay both the loan and interest with the proceeds of their next crop; but sometimes the crop is lost through accident, and at other times it is small, and the creditor does not wish to extend the time of payment, hence this expectation is not realized, and the tobacco grower is obliged to give up his lands in liquidation of his debts. From this it may be inferred that the tobacco farmers are not always intelligent in regard to their financial interests, because there are other products which are easily cultivated, such as abacá, cacao, coffee, maguey, cotton, cocoanuts, corn, wheat, and potatoes, and which, even if they do not yield very large profits, give at least something in remuneration for their work.

Hemp, cacao, maguey, and cocoanuts can not be cultivated in Cagayán on account of existing conditions. Coffee grows well. Corn also grows well, and constitutes practically the only food of the natives. Wheat and potatoes may be grown during the winter months, but they require here much more care than in cold climates, and the Cagayán is not fond of work.

It would be regrettable were the cultivation of tobacco, which figures among the valued products of the Philippines, such as sugar and coffee, to disappear from Cagayán, and before the day comes for its abandonment it is urgently necessary that efficient measures or remedies be adopted tending to alleviate the present painful situation.

Never as at the present time have so many misfortunes joined together, each of which threatens to exterminate the Philippine planters in general, and the grower of tobacco in Cagayán in particular. The rinderpest, which has been prevalent in the province for some years, has visited all the townships and exterminated the carabaos and other cattle. Horses were similarly attacked by surra, and between the two diseases the cattle of certain districts were gradually destroyed, and if any carabaos are found it is due to the fact that they have been purchased recently. Then came the drought, which cracked the earth and burned the plants; then the locust plague, which visited all the districts and plantations, cleaning out all vegetable growth; and finally, to supplement these misfortunes, came smallpox, dengue, and cholera.

A remedy suggested is the establishment of an agricultural bank, to lend money to the farmers on mortgages at a moderate interest of, say, 6 or 8 per cent per annum. This bank could engage in the tobacco industry, both as a means to assure payment of its credits as well as to improve the price of the article and destroy the monopoly of the commercial companies. For this purpose the bank should have agents and branches in the markets of Europe and America, for the exportation of tobacco and for the importation of rice and other articles needed by the inhabitants of the province.

In order to supply the lack of work animals and to provide against droughts the bank could engage in the work of irrigating the fields to be used in the cultivation of tobacco and cereals, of bringing in plows and portable irrigation pumps, and of working the fields for a small compensation in money or crops.

The only purpose of these brief suggestions is to indicate the remedy considered efficient to alleviate the infinite number of misfortunes which the farmers suffer, but no doubt is entertained that other and better methods could be found by persons more expert on the subject.

In conclusion, it may be said that the province of Cagayán, according to the last official guide of 1896, has an area of 1,438,000 hectares, without including the Batanes Islands. This vast area is inhabited by 133,839 Christians, according to the census, without counting the Batanes Islands or the non-Christian tribes of Igorots and Negritos, who live in small settlements on the mountain sides, their number being estimated at 13,414.

Owing to this small number of inhabitants agriculture has remained stationary. For the development of this source of wealth it is advisable to encourage the immigration of the inhabitants of Ilocos Norte and of other populous provinces where suitable land is scarce. In this manner the cultivation of various products would become more extended, and the civilized towns would increase and encroach upon the territory of the savage tribes until the latter are reduced to civilization.

The building of a road in the central range which separate Cagayán from Ilocos Norte will be a valuable factor toward the immigration of natives of that province who have no land to work nor woodland, and who would be very glad to come to Cagayán were it not for the expense of the journey via Laoag and the port of Aparri.

Another means which, if it will not promote immigration, will at least attract people, is the establishment of a railway traversing the province of Cagayán from south to north. With the influx of strangers agriculture would flourish, the markets of this province would become more active, industry and commerce would rise from their state of prostration, while the culture and experience which the natives of this province would derive from their contact with people of different provinces would no doubt create many new necessities, and would in that way stimulate the sources of wealth.

## STATEMENT OF A. DETERMANN, OF MANILA, P. I.

Mr. DETERMANN. I have been appointed by the cigar manufacturers and laborers of Manila to give any information relative to the tariff question that I can. On the voyage from Manila to Washington I prepared a statement which I would like to be permitted to read. I will make it as short as possible.

The CHAIRMAN. I understand that the statement is not in Spanish, but in English, and if it is in English you may proceed and read it.

Mr. DETERMANN. Memorial regarding the Philippine tobacco industry and the Dingley tariff. The undersigned, having been appointed at Manila to supply at Washington such data and general information about the Philippine tobacco industry as may be demanded by the Ways and Means Committee—

The CHAIRMAN. I was wondering if it would not be better to print this statement.

Mr. GROSVENOR. It had better be printed. That will save time.

Secretary TAFT. I would suggest, Mr. Chairman, that Colonel Edwards read the statement; then you can ask questions, in the course of his reading, of this witness.

Colonel Edwards thereupon commenced and completed the reading of the statement offered by Mr. Determann.

*Memorial regarding the Philippine tobacco industry and the Dingley tariff.*

The undersigned having been appointed at Manila to supply at Washington such data and general information about the Philippine tobacco industry as may be demanded by the Ways and Means Committee of the House of Representatives or other bodies or individuals, has for this purpose prepared the following statements:

The writer intends to show by the present memorial why our tobacco is entitled to enter the United States duty free, and that after this privilege being made an accomplished fact by corresponding legislation, there is not a person in the world who would in consequence thereof be harmed in the slightest degree. It may be added that these statements are made with the earnest desire to deliver absolute facts and very conservative opinions and estimates, not to picture things darker or rosier than they really are, so as not to leave room for any doubt as to the existence of an intention to deceive. It is therefore hoped that these informations will be received in the good faith on which they are based. Of course in some respects there may be some small divergencies in the opinion of people connected with our trade, or acquainted with conditions in the trade, for instance, as regards the fitness of the Filipino as an agricultural laborer. Therefore in discussing such questions it is endeavored to state only so much as is believed not to be differed in by the various authorities, i. e., to quote only the unanimous opinion hitherto expressed by persons who have had large experience in the matters involved.

The political side of the question, abolition of the Dingley tariff on Philippine products, and the humane point of view in the matter are things which have been discussed so often and are so well known that only their principal features are briefly mentioned in this memorial.

It is not because little importance is believed to be due to those points; on the contrary, but as an additional reason why they are not so extensively dwelt upon here, it may be said that the writer deems it improper for him to do so as a non-Filipino. His particular mission, as already stated, is to give information about the Philippine tobacco trade.

In shortly reviewing the theoretical side of the question the following points are found to be distinctly prominent:

First. Although the Philippine Islands can not be regarded by the United States as a foreign country, by right of conquest and purchase, there exist the tariff barriers for Philippine goods. The Supreme Court has moreover decided that the Constitution follows the flag, and the Philippines are consequently American territory. Why, therefore, the discrimination against the islands in favor of Hawaii, Porto Rico, Guam, etc.?

Second. From the standpoint of the Filipinos they have a right to their products entering the United States duty free, for owing to the change of sovereignty their goods should find their natural market in the new mother country.

Third. A proof that the legislators intended to open the American market to Philippine products exists in act of Congress, approved on the 8th March, 1902, reducing the Dingley tariff to 75 per cent of its rates on Philippine importations. As predicted at the time by merchants in the Philippine Islands, this reduction proved absolutely worthless, for no result came from it in the shape of an increase of Philippine trade with the United States. Therefore the generous action of Congress failed to have the intended beneficial effect, as more particularly shown below. Consequently, it is only logical that the original intention of Congress should now be carried out, and considering that almost three years have passed since, no further delay ought to be permitted to occur in corresponding legislation. Further below it is also shown why a reduction of, for instance, 50 per cent would also fail to produce any effect on our trade. The point that Congress obviously had the sincere intention of permitting the Philippine Islands to trade with the mother country by passing the above-mentioned act is certainly worth being emphasized.

Fourth. The passage of the Frye shipping bill restricting all trade between the United States and the Philippine Islands to American vessels does not appear just or correct without removing at least the tariff walls in the United States on Philippine goods. (It is presumed that as far as the imports of the United States goods into the Philippine Islands is concerned they are not to be declared duty free before the expiration of the treaty with Spain, which will be in 1908.) The Frye bill treats the Philippine Islands as a part of the United States, excluding foreign vessels from trade between the two portions of the United States territory, but still Philippine products are not permitted to enter the United States on account of the high duties.

Fifth. By the internal-revenue law, in force in the Philippine Islands since the 1st of August, 1904, our tobacco industry is so heavily taxed that on the basis of the normal output (i. e., the output existing before the application of that law) there would be an annual income from this source alone of \$3,000,000 to \$4,000,000 gold. With the decrease of the sales, as a consequence of the enforcement of the law, to about 30 per cent, the corresponding revenue will probably amount to about



\$1,000,000 to \$1,500,000 gold, which could be considerably increased if the tax (about 70 per cent *ad valorem* of the average cost of the Manila cigarette) were lowered and consequently the consumption be allowed to approach the former level.

In further explanation it has to be mentioned that the above figures represent the revenue almost exclusively on cigarettes, this being one of the foremost articles of consumption in the islands. The portion corresponding to cigars will probably be less than 10 per cent.

Reference to the internal-revenue law is made in this memorial on the ground that the same was established by the Civil Commission of the Philippine Islands with the distinct understanding that, in the same way as practiced in Porto Rico, the American market would be opened to our tobacco industry. Of course the Civil Commission had no power to accelerate the realization of this promise, but this declaration of the Civil Commission was most assuredly so construed by the tobacco people in the Philippine Islands—that the introduction of the internal-revenue law would take place simultaneously with the removal of the tariff barriers in the United States. The enactment of the internal-revenue law was certainly very inopportune, as far as our industry is concerned, in view of the precarious state of the latter, in consequence of the tremendous blows received during the last decade.

In the Philippine Islands we are firmly convinced that the justice of our cause is recognized by the American people, and that Congress would have legislated accordingly had it not been for the strong opposition found on part of the tobacco and sugar interests in the United States. It is certainly only natural and logical for the American tobacco planters and manufacturers to defend their own interests, and if there really were any danger to fear from our industry in the shape of a new competition we should find no objection to their attitude in making every effort to prevent the legislation in favor of the Philippine tobacco industry. But we have every reason to believe that our opponents have been misinformed about the real conditions and possibilities of the Philippine tobacco trade and of the islands in general.

As far as sugar is concerned, the writer does not wish to argue the question as to the feasibility of largely increasing its product in the islands, as is asserted by the sugar planters in the United States, for the reason that he is not sufficiently familiar with the details regarding this subject. According to impartial opinions heard, however, it appears that the culture of Philippine sugar is limited to such a degree as will do no real harm to this branch of agriculture in the mother country.

The principal purpose of the present memorial is, as already explained above, to correct misleading statements made concerning the Philippine tobacco industry, and to answer some arguments brought forward by the opponents to the protection of our trade. In other words, it is essentially the practical side of the matter which is discussed here, the only one which is believed to be in need of further examination, if in the minds of the legislative body there should still exist any hesitation in deciding the tariff question.

As will be seen from Appendix 6, all articles of production in the Philippine Islands, except tobacco and sugar, are already admitted free of duty under the Dingley tariff, not taking into consideration a few minor articles of no importance whatever (as are Ilangilang oil, straw hats, hides, being nonagricultural articles).

The principal Philippine export products are hemp, copra, sugar, and tobacco, as appears from same appendix, and also from Appendix 7. In the latter there appear also the values of exports to the United States. Apart from sugar it is, therefore, only tobacco that comes into consideration for legislation.

There are several statistics and other statements attached to this memorial which are not specially mentioned therein; it is requested that those data be also consulted in reference to the tariff question. Whenever there may be a link missing in the chain of information, it may perhaps be found in the publications of the Bureau of Insular Affairs, in the War Department, but also the undersigned will be pleased to answer any questions directed to him in this matter.

Up to the abolishment, in 1882, of the Spanish Government's tobacco monopoly in the Philippine Islands, whereby the planting, harvesting, curing, etc., was carefully supervised by the Government officials, the Philippine tobacco has been held in high esteem in many parts of the world, and Manila cigars were generally much appreciated for their fine quality. While the exercise of this monopoly certainly caused unjust hardships on the natives, the good reputation of the Philippine tobacco was preserved during that time. Since then its quality has slowly but steadily decreased, partly because of the apathy shown by the native farmers, partly from lack of encouragement, and also in consequence of bad seasons, wars, etc.

The above refers to the product of the Cagayan and Isabela provinces, i. e., the territory known as the "Cagayan Valley," which is the only district coming into consideration for better class tobacco. In fact, in all the other islands of the archipelago but in Luzon the monopoly was not in force, a proof that the other regions were known to produce only an undesirable leaf. The yearly production in Cagayan and Ysabela may amount to about 200,000 to 300,000 quintals per annum, according to the results of the crops, one-half of which in good years, as consisting of good to middling quality, may have been suitable for cigars.

The other provinces of Luzon where tobacco is grown are Union, Abra, and the Ilocos, and a little in Pangasinan and Batangas; but the value of these grades does not surpass those grown in the southern islands (Panay, Cebu, Masbate, Negros, etc.), by reason of climatic conditions, those of the soil, etc., and their geographical situation. These inferior grades are almost entirely used for cigarettes smoked in the Philippine Islands. A very small part is exported. The trade does not pay well for common tobacco, wholly unfit for cigars, as grown in those districts. The product in all the above-mentioned provinces except Cagayan and Ysabela may be from 200,000 to 300,000 quintals, so that the entire production of tobacco in the Philippine Islands does not exceed 500,000 to 600,000 quintals per annum (50,000,000 to 60,000,000 pounds, of which not more than, say, 10,000,000 to 15,000,000 pounds may, in the case of a good crop, be worked into cigars).

Statistics of exports of the raw products since 1891 (giving quantities only) will be found in Appendix 8. Statistics of exports of manufactured and unmanufactured tobacco (giving values only), since 1901 (figures for previous years not being available), will be found in Appendix 9. In this connection it may be observed that during the year ending June 30, 1901, the United States paid for Cuban tobacco

about \$9,700,000 gold, and for Sumatra tobacco about \$5,600,000 gold. The whole export of tobacco, manufactured and unmanufactured, from the Philippine Islands amounted in the same year to about \$2,200,000 gold, whereof the United States took about \$5,000 gold worth, equal to about one-fourth of 1 per cent. Further particulars about the history of the Philippine tobacco and description of its cultivation may be found in Farmers' Bulletin No. 5, Cultivation of Tobacco, by Clarence W. Dorsey, published by the Manila bureau of agriculture and which is probably available at the Bureau of Insular Affairs at Washington.

There are still a few plantations in the Isabela Province under intelligent supervision, where the cultivation to the extent of, in all, perhaps 20,000 to 25,000 quintals, equal to 2,000,000 to 2,500,000 pounds, is carried out in the proper manner, and consequently the leaf produced there represents generally a good quality, though the greater part is of a fat, gummy nature, not suitable for cigars. With this exception tobacco culture in the Philippine Islands is entirely in the hands of natives, i. e., individuals.

The soil of the tobacco lands in the Isabela Province is fairly heavy, limey, and rich in decayed vegetable matter, left on the land during the rainy season by the rivers, which overflow their banks, flooding the country often 2 or 3 miles from the original bed of the river. This province would certainly produce a finer leaf if the cultivation were practiced on a scientific plan and if the labor problem did not place an obstacle to such an undertaking. At the same time it is only doing justice to the native if we say that he has found little encouragement for his work during the last years and that he also met with enormous adversities of force majeure character, which have even diminished the relative energy formerly shown in producing a good, well-cured leaf.

The Spanish market has been practically lost since the American occupation of the Philippine Islands, for during the former régime the tobacco monopoly in Spain was obliged by the Government to buy a certain quantity of Philippine leaf, for the maintenance of which clause there is naturally now no particular reason. In former times Philippine tobacco was also exported to Holland and Belgium, but the demand there has to-day diminished to about nil. Then the Japanese and Australian markets were closed through protective tariffs established in those countries, and Hawaii ceased to buy Manila cigars since its incorporation to the United States and the consequent operation there of the Dingley tariff. The outlet for the Manila cigar was then limited to the domestic consumption and to the demand in China, India, and Europe, which is now very small indeed, owing to the competition of cheap German, Dutch, and Burmah cigars.

If ever an industry has intensively suffered it is ours. The war and its consequences, the widespread rinderpest (destroying far more than 50 per cent of the draft animals (carabaos), whose value has since increased by 400 to 500 per cent), cholera, and locust invasions have dealt out such severe blows upon tobacco agriculture in the Philippine Islands that people in those districts were left in the greatest distress. But not enough, even nature failed to assist them in their misery; unfavorable seasons did their share during several consecutive years, and caused the product to be of poor quality and therefore of less value than before.

All this happened during a time when the cost of living became daily more expensive, without those farmers gaining an equivalent in a rise of the price for their product; also as regards the inferior grades worked into cigarettes for home consumption, as the people were unable to pay more for their smoking supply than before. There is a report from Governor (of the Cagayan Province) Gonzaga with the Census Bureau, giving a very graphic description of the condition in that province, which also applies to the Ysabela Province. It is shown there that the average native farmer derives no profit whatever from his yearly work and that of his whole family and his carabao, i. e., he fails to include this labor in his calculation, and so he imagines that he obtains a profit from his toil. If a native farmer produces annually 20 to 30 quintals (1 quintal=46 kilos, or about 100 pounds English) of tobacco on his piece of land and received to-day perhaps \$7.50 gold per quintal on the average, he may consider himself very fortunate. In the other provinces the individual may raise a larger crop, because the ordinary leaf, totally unfit for cigars, requires less care, but this tobacco, on the average, does not fetch more than, say, \$4 to \$6 gold per quintal. Now, these \$150 gold to \$225 gold, which are to give him and his family their daily bread, to clothe them, to feed his carabao throughout the whole year, and to include an amortization on the value of his land, his carabao, his tools, the cost of seeds, payment of taxes, etc., are they not inadequate for this purpose?

In 1900 the average price for the Ysabela leaf (filler) was \$15 to \$20 gold per quintal, which was considered as exceptionally high. If former prices did, on the average, perhaps, not exceed to-day's values, it must be remembered that in those times the same money was worth twice or three times as much as to-day in the island. There is no exaggeration in the assertion that the people are almost if not actually starving. They can not from one day to another turn to another branch of agriculture, as Senator Dietrich advised them to do. Such an undertaking requires money to start with, and they do not possess even the money for their most urgent wants. They are in desperate need of help, and this it is hoped may be attained by favorable legislation on the part of the United States Congress.

The cigar laborers have already repeatedly appealed to Congress for an improvement of their situation, and stated the details about the circumstances that brought about their misery. Unfortunately the state of affairs which has now become more and more acute has had as consequence several strikes since 1902 without the manufacturers having been able to accede to the demands for higher wages on part of the laborers, with the exception of an increase of about 10 per cent which was granted two years ago. By the recent change of the currency in the Philippine Islands their wages have again found an accidental increase of about 10 per cent. The constantly receding trade offered no possibility for the manufacturers to go any further in this respect, though they fully recognize the misery in which the laborers were placed through the enhanced cost of living. They can not to-day even employ half of the number of men and women who would gladly work for the present wages. And this is, excepting a few other industrial establishments, as a match and a hat factory, the only industry in the islands having given an honorable existence to a great number of people, not only to the workmen, but also indirectly to the planters.

The number of work people, male and female, employed in this industry in the Philippine Islands may to-day amount to about from 12,000 to 15,000, while in former times there were almost double this number in the same capacity. Reckoning the whole number of people, workmen and planters, in Cagayan and Isabela only, with their families, all of whom are directly affected by this deplorable state of affairs, we may take 300,000 to 400,000 as an approximate estimate.

The balance sheets of the different companies engaged in this trade in Manila must have indicated very poor results during the last years, and as far as those concerns are considered whose shares are quoted in the open market the values of the latter demonstrate rather strikingly the above-stated condition of the industry. Quite a number of cigar factories have been closed during the last years, and some others are in such a poor state that they are not supposed to survive many months to come under the prevailing circumstances.

The export figures clearly show that the reduction of 25 per cent of the Dingley tariff has proved insufficient for any relief, and so will any reduction of less than 75 per cent. This is an absolute fact, and special stress is laid upon the point that the figure of 75 per cent is not mentioned to secure a compromise resulting in a reduction of, for instance, 60 per cent, but this statement is made with the conviction that 50 or 60 per cent will help us no more than the reduction of 25 per cent did. The legislation requested by the tobacco people is free entry of tobacco, manufactured and unmanufactured, or if this is believed to be too generous a treatment, let at least our manufactured tobacco have free entry into the United States.

Appendix 11 shows the present cost of our middle-class cigar, with the several rates of reduction that may have been thought of, from which it appears that with a reduction of 75 per cent on the Dingley tariff the duty would still represent about 87 per cent of the present cost of the cigar—i. e., original cost of a middle-class cigar weighing 18 pounds per thousand,  $2\frac{1}{2}$  cents, plus  $\frac{1}{2}$  cent charges =  $2\frac{3}{4}$  cents, and plus duty,  $2\frac{1}{2}$  cents, about  $4\frac{1}{2}$  cents laid down in the United States (\$4.50 gold per pound + 25 per cent ad valorem). A reduction of only 50 per cent would mean a duty of about 175 per cent on the present value of the cigar of said description, or a cost of such cigar laid down in San Francisco of not less than 7 cents. This would mean a retail price of, say, 10 cents per cigar. Under these conditions there would be no chance of selling a single case of our cigars to the United States. The above percentage of, say, about 87 per cent in case of a reduction of 75 per cent, would, however, decrease, as with a trade to the United States the cost of production of our cigars would naturally become considerably higher.

Now, the principal, or perhaps only, argument brought forward by the tobacco people in the United States in opposing the abolition or further reduction of the tariff is the supposedly tremendous proportion which our tobacco industry would assume in case of our cigars and tobacco being given free entry into the United States; in other words, the great competition feared to be caused to them by us. We hope—and this is the most important point in this memorial—to make it perfectly clear that a competition from this direction really worth mentioning can never take place as a consequence of such legislation, and that any fear of this kind is therefore groundless. No harm will be done to American tobacco planters, manufacturers, or dealers, as

we are by several insurmountable obstacles limited to a comparatively very small production of tobacco and cigars.

First of all, from the geographical configuration of the Philippine Islands it is easily seen that there exists only a small area in the archipelago in a distance of more than 20 to 30 miles from the seacoast, and therefore not exposed to the damaging influence of the saline sea breezes. It is well known that any tobacco grown near the sea has poor combustibility, and is therefore wholly unfit for cigars. For this reason all of the Philippine Islands except Luzon and Mindanao can not grow exportable tobacco, i. e., tobacco of an acceptable quality. As far as Mindanao is concerned, this island possesses several large valleys with alluvial soils that could undoubtedly be made to produce a good quality of tobacco, but this island is still almost entirely unexplored. Besides, even supposing that one could find laborers to go there to deforest the land and cultivate tobacco (the present population, the Moros, is certainly too indolent for such an undertaking), there would have to elapse a period of twenty to thirty years before we would see any Mindanao tobacco. As for Luzon, there are still some small regions which could perhaps be used to advantage for tobacco culture, in so far as the distance from the sea is concerned; but the larger portion of this country is mountainous, while lowlands, preferably with the periodic overflow, are needed to produce a desirable leaf.

And it is not only this; the soil must be specially apt for this agriculture and the rainfall not exceed a certain limit, etc. While, as we said, the Cagayan Valley, or more particularly the Ysabela province, combines all the favorable conditions for the production of tobacco of good quality, there is no district in all Luzon which could be compared with the former in the said respect. In Ysabela the cultivation of tobacco may be still extended, but to a very small degree, as nearly all desirable land is already under cultivation. (Compare reports of the Civil Commission for confirmation of this statement.) An official opinion about this subject is found in Appendix 13, being a letter from the chief of the bureau of agriculture at Manila.

Let us leave Mindanao entirely out of the question, as the exploitation of that island is highly problematical for several important reasons, as everyone who has been in the Philippine Islands will readily confirm. Now, a very rough estimate might place the possible annual production and exportation to the United States of the described class of tobacco (i. e., after a number of years if we had the labor, the seasons were favorable, and the United States were to take over our entire output of this tobacco) at 100,000 to 200,000 quintals, say 10,000,000 to 20,000,000 pounds, in the leaf or part in cigars. The writer believes that these figures, which are certainly very vague, are rather too high than too low and may be found exaggerated in the opinion of the tobacco people in the Philippine Islands, but in order to give the interested parties in the United States an approximate idea about the eventual possibilities of tobacco culture in the Philippine Islands an attempt is made to bring this very important question into a more positive shape.

This grade of tobacco can not enter into competition with the leaf grown in the United States, because it is quite a different kind of leaf, constituting a new commodity. The former is estimated to be worth in the United States at least 20 cents per pound (filler) on the average,

by all means more than the United States product, which is worth about 7 cents per pound on the average. For the other Philippine tobacco there will be no demand in the United States on account of its poor quality, but this kind will continue to be bought up here for the cigarette industry, to supply the big local market for this article.

Now, let us take the case of 120,000 quintals being bought in the leaf at \$20, gold, each (20 cents per pound) on the average, there being very little tobacco grown in the Philippine Islands which might be styled as wrapper in the United States. (This is even admitted by the opposition parties.) In the above case, with free entry, we might export leaf to the amount of \$2,400,000, gold. In this connection it may be observed that the yearly production of tobacco in the United States is about 8,200,000 quintals, on an area of 1,000,000 acres, value at the average price of 7 cents per pound (see Appendix 3) about \$57,500,000, gold. In addition to this, the United States import tobacco to the value of about \$17,000,000, gold. That is, \$57,500,000 plus \$17,000,000; total, about \$74,500,000.

It has to be specially pointed out that if the available territory allows us to produce the above quantity suitable for export to the United States, this will in reality only be possible if every crop turns out to be a desirable one, and if there are sufficient hands for the purpose working either for their own account or in the employ of others.

The crops of the last four years in the Cagayan and Ysabela provinces have been notoriously deficient in quality, and the little that was available for producing good and middle-class cigars has now been partly used up and is partly still in the hands of some manufacturers in Manila, so that, for instance, to-day there are very likely not more than 20,000 to 30,000 quintals in Manila and still in provinces which may be worked into good cigars. The greater part of the tobacco of the last crops has been dark and of thick leaf, and could only be used for cigarettes and also for cigars for consumption in the Philippine Islands, where the public are not so delicate in the choice of their smoking supply, as long as the prices thereof are within the reach of their pockets.

Then there is the great labor question, the much discussed point in commercial and agricultural life in the Philippine Islands, and the obstacle to any great enterprises looked for in vain during the past years. The importation of Chinese laborers, skilled or unskilled, is prohibited by law, the same as in the United States, so there is no possibility of securing coolie labor from outside. We depend entirely, exclusively on Filipino labor. About the latter much has been said and written and, as alluded to above, there seems to exist some divergency of opinions regarding the true value of this labor.

Experience in the Philippine Islands has proven that there has always existed the greatest difficulty in securing efficient labor for all kinds of commercial and industrial establishments, which otherwise would to-day exist and flourish.

The average Filipino likes to stay at his home, on his own piece of land, in his native village and province, and is most averse to changes. He will not plant tobacco in Cagayan and to-morrow rice in Pangasinan or sugar in Negros. The majority of the population are farmers, and the welfare of the country lies essentially in its agricultural prosperity. (About 95 per cent of the export of the Philippine Islands are agricultural products.) The best proof for their conservative

character is that to-day, under the present ruinous conditions for the tobacco culture in the islands, the natives of the respective districts will not leave their homes and try some other part of the archipelago; they will not even cultivate other products on their present land, except the little corn or other victuals for their own needs. They are not restless, but content if they are left alone and can derive the means for the necessities of life from the product of their labor. But the majority will not overwork themselves and only a few will try to save money, either for themselves or for their children. Their work is by no means comparable with the assiduity of the Chinese, as some people in the United States still believe. The average Philippine native is also physically not strong enough to stand prolonged and severe field work. As to the wages, they are certainly lower than those paid in the United States, in harmony with the different standards of life, but does not the American farmer or workman produce the same amount of work as two or three Filipinos? Besides, the American laborer works in the temperate zones, where the efficiency of labor is naturally greater than in a hot, enervating climate.

As far as the Filipino cigar laborers are concerned (there is not one Chinese cigar maker in Manila, to correct a false statement made to the contrary) their work is satisfactory on the whole, and it is relatively quite a large number of people who have learned this particular branch of work. The present number of cigar makers in Manila (i. e., people who actually make the cigars, not other laborers engaged in the industry), may be 8,000 to 10,000 men and women, of whom, say about one-half, know how to make Cuban style cigars (spiral wrappers). The others, mostly women, produce only Philippine style cigars (straight wrappers). This number of Cuban style cigar makers could perhaps be increased to 7,000 or 8,000, not more, because there are no more people available who have been taught this profession, and it is well known that it requires many years before a man gains sufficient practice to make a well-rolled cigar of the Cuban style.

There is no "cheap labor" in the Philippine Islands, taking the efficiency into consideration, as must necessarily be done. Moreover, with a better sale of our cigars the present scale of wages would not be maintained, but would have to undergo a considerable rise; just by how much the writer would, for obvious reasons, rather abstain from guessing.

The present annual output of Philippine cigars is estimated at 150,000,000 to 200,000,000 (of which perhaps 20 to 30 per cent are for domestic consumption); in former times, say ten years ago, the production was probably about 300,000,000, no exact statistics being to hand about this item. The majority, but say at least one-half, are Filipino style cigars (i. e., straight wrappers) which low grade will never find a market in the United States. This is agreed in even by the tobacco and cigar people in the United States. The remainder, let us say 70,000,000 to 100,000,000, are Cuban style cigars (i. e., spiral wrappers).

Now, let us suppose this number could be increased after some years, when suitable tobacco may be to hand, to 150,000,000 (150,000,000 would mean 2 cigars per year per individual of the entire population in the United States, or 2 per cent of the number of cigars smoked in the United States), and this quantity would be entirely exported to the United States (not allowing for home consumption and the, though



insignificant, export to other countries); does this number really frighten the tobacco people in a country where there are 7,000,000,000 cigars smoked every year? We do not know even whether the American public will smoke Manila cigars, even in the limited quantity to be available, and as to their alleged cheapness it is safe to say they would command exactly the price which they would be considered worth in the United States. Their cost would be increased here, by the natural way of competition, and the benefit go to the tobacco farmers and cigar laborers, i. e., the individual Filipinos would be the gainer.

So, where is the much-feared competition, the so-called Philippine peril, to the United States tobacco interests? Besides, it must not be forgotten that only a good cigar, not only of a good quality, but also well made, will sell; so only the careful and industrious farmer and the diligent cigar maker will be given a stimulus, not the lazy or careless one.

Senator Dietrich's proposition, to let the Filipinos cultivate other products except tobacco and sugar (so as not to collide with the respective interests in the United States), is altogether impracticable. His idea was that the United States should place protective import tariffs on such products which are to-day on the free list, and admit Philippine importations of same articles duty free, as are, for instance, cocoa, coffee, copra, and rubber. It is already explained in this memorial that conditions in the Philippine Islands will not allow of such changes being carried out. If a large company with sufficient capital and free supply of labor would, with such legislation as proposed by Senator Dietrich, start such an undertaking, it might lead to success after a considerable number of years (regarding rubber not less than ten to twenty years) of patience and expenditure of money. The single Filipino can not afford to wait a series of years for results and "unbounded prosperity," and meanwhile starve.

Here the following circumstance deserves special mention. Manila hemp abaca is an article which can not be produced anywhere in the world except in the Philippine Islands, and its demand is steadily increasing; now, if such a plan as proposed by Senator Dietrich were practicable, why have not all Filipinos already gone to produce hemp only? It is frequently asserted that there are still vast territories in the provinces of Albay, Camarines, and the Southern Islands where the abaca plant is found in abundance, but allowed to rot for want of labor. Wages of several dollars a day are paid in those districts to people who will prepare the fiber for the market, and still labor is lacking. Why is there no rope factory of importance in the Philippine Islands, considering that the raw material grows there? Because there is no such thing in the islands as cheap labor. The labor to-day available there is, generally speaking, worth no more than it is paid for, and sometimes considerably less.

Then there are such misleading statements made by the opposing parties in the United States about the "tremendous" increase of commerce in the Philippine Islands without investigating the true conditions prevailing there. Imports have certainly increased during late years (see Appendix 10), but this is principally due to the fact that the rice crops in the islands were very small during the same period, owing to the above-mentioned calamities that befell the country, and in the last year there was a drain on the country to the amount of about

\$12,500,000, gold, for importations of rice from Cochin China, etc., as against about \$5,000,000, gold, in 1901.

And as for the exports it is true that these have also gained in value, but the articles which made up this increase were hemp and, to a small degree, copra, whereby only a few districts were benefited. In fact, hemp represented during the last year 66 per cent of all exports from the Philippine Islands, copra made up 14 per cent, sugar 12 per cent, and tobacco, manufactured and unmanufactured, only 5 per cent. (See Appendices 6 and 7.) From the latter appendix it will be seen that, comparing the export figures of 1899 with those of 1903, hemp shows an increase from \$6,500,000 to \$21,500,000, copra from \$670,000 to \$4,500,000, and even sugar from \$2,500,000 to \$4,000,000, and only tobacco declined, viz, from \$2,250,000 to \$1,900,000. Another item was prominently mentioned as a serious menace to the tobacco industry in the United States by those parties, viz, that exportation of Philippine tobacco in 1903 (year ending June, 1903) increased to—

	Gold.
Leaf.....	\$48,080
Cigars.....	5,614
Total.....	53,694

As against, in 1902—

	Gold.
Leaf.....	\$3
Cigars.....	2,817
Total.....	2,820

This increase was supposed to be due to the reduction of 25 per cent on the Dingley tariff. Such preposterous statements are most deplorable, as they do not attain the truth and are not compatible with my sense of justice. The truth is that after the said reduction took place there were a few trial or speculative shipments, in anticipation of favorable legislation, made of tobacco and cigars to the United States, the greater part of which was subsequently reshipped to the Philippine Islands. There was no trade possible, and the following year shows again a decline to more or less the former level; the exact figures are not yet to hand. Now, is it not absurd to quote such poor figures as an argument to frighten the tobacco interests in the United States, where there is an annual importation of \$17,000,000 worth of tobacco? On the same mock principle we might quote the decline noticed in the calendar years 1902 and 1903, as follows:

*Exportation of Philippine tobacco to the United States.*

In 1902:	Gold.
Leaf.....	\$41,538
Cigars.....	11,006
Total.....	52,544
In 1903:	
Leaf.....	790
Cigars.....	1,900
Total.....	2,690

Some voices of the opposition even go as far as saying that the present reduction of 25 per cent with which the import duty is still perfectly prohibitive for our cigars, the same as 50 per cent would be, had seriously injured the domestic cigar and tobacco trade on the Pacific coast.

Live and let live. The Philippines are American possession, so let us develop the islands. Allow the natives to perfect their to-day crude style of agriculture and to increase their wants in harmony with the intention prevailing in the United States to better the condition of the Filipinos, to give them the blessings of civilization. American machinery should then find its way to the islands. Enough has been talked about the richness of the islands and their wonderful agricultural and commercial possibilities. Let us have something positive done in this line. We of the Philippine tobacco industry hope to gradually (not quickly) work up a trade with the United States, so give all people connected with the industry a chance to once again find a recompense for their work.

Give us free entry on our tobacco and cigars, at least on the latter. It means much to the Philippines, without the necessity of any sacrifice incurred on the part of anybody, individual or corporation, in the United States.

We are of the true conviction that any legislation of the desired nature has so far only been deferred on account of the tobacco people and the general public being misinformed about the real conditions existing in those islands. We now once again appeal to Congress for urgent help, i. e., during the actual session, and trust that justice will be done to the Philippine tobacco industry and to the Philippines in general.

A. DETERMANN,

*Of the firm of Baer Senior & Co.'s Successors,  
owners of "La Yebana" Factory, Manila, P. I.*

WASHINGTON, D. C., January 28, 1905.

#### APPENDIX 1.

*Statistics of consumption in the United States, as per internal-revenue returns.*

	12 months ending June 30—	
	1902.	1903.
Cigars.....	6,311,000,000	6,767,000,000
Little cigars.....	758,000,000	539,000,000
Manufactured tobacco.....pounds..	306,000,000	280,000,000

Total annual consumption of cigars (excluding the "little cigars") in the United States is about 6,700,000,000, and adding the following imports, say, 300,000,000 from Cuba and 70,000,000 from Porto Rico and others, in all about 7,000,000,000 cigars—80,000,000 inhabitants—about 90 cigars are smoked yearly by one inhabitant.

Presumptive maximum export of Philippine cigars to the United States 150,000,000=2 cigars for each inhabitant per annum, or 2 per cent of the number of cigars now annually smoked in the United States.

## APPENDIX 2.

*Statistics of leaf tobacco (United States Department of Agriculture, Bulletin No. 28), fiscal year ending June 30, 1901.*

## SOURCES OF THE IMPORTS INTO THE UNITED STATES OF LEAF TOBACCO.

	Quantity.		Value.	
	Pounds.	Per cent.	Amount.	Per cent.
1. Suitable for cigar wrappers:				
Netherlands (Sumatra, etc.)	6,251,594	95.09	\$5,601,984	94.29
Germany	71,314	1.08	56,862	.96
Cuba	38,021	1.34	116,247	1.96
Porto Rico	40,319	.61	11,458	.20
Philippines	400		125	
Various	122,938	1.88	154,181	2.59
	6,574,586	100.00	5,940,857	100.00
2. Not suitable for cigar wrappers:				
Cuba	18,554,775	91.51	9,718,602	93.00
Netherlands	12,246	.06	7,106	.07
Porto Rico	624,808	3.08	147,024	1.42
Philippines	4,774	.02	1,099	.01
Various	1,080,064	5.33	475,699	5.50
	20,276,667	100.00	10,349,530	100.00
Total	26,851,253		16,290,387	

## AVERAGE VALUE PER POUND.

	1. Wrap-pers.	2. No wrap-pers.
Cuba	\$1.32	\$0.52
Porto Rico	.28	.23
Philippines	.31	.23
Sumatra	.90	.58

The respective bulletins for the fiscal years ending June, 1902 and 1903, are not to hand.

The total imports of tobacco into the United States for the year ending June 30, 1903, were 34,000,000 pounds. Average value, about 50 cents per pound. Value, about \$17,000,000.

## APPENDIX 3.

*Production in 1902 of tobacco in the United States.*

[Approximative figures.]

Acreage	acres	1,000,000
Yields per acre	pounds	800
Production:		
Pounds		820,000,000
Quintals		8,200,000
Average price per pound (United States currency)		\$0.07
Value (about, United States currency)		\$57,500,000
Used as follows:		
	Pounds.	
For smoking and chewing tobacco (about)		300,000,000
For cigars and cigarettes (about)		120,000,000
For export, at 10 cents per pound; average value, \$40,000,000 (about)		400,000,000
Total		820,000,000

## APPENDIX 4.

*Rates of import duty.*

1. In the United States, under the Dingley tariff:
  - (a) On tobacco—
 

Stemmed—	
Wrappers .....	per pound..\$2. 50
Fillers .....	do..... .50
Unstemmed—	
Wrappers .....	do..... 1. 85
Fillers .....	do..... .35
  - (b) On cigars—
 

Stemmed .....	do..... 4. 50
Unstemmed .....	per cent ad valorem.. 25
2. In the Philippine Islands:
  - (a) On tobacco (wrappers and fillers), 50 cents United States currency per kilogram=about .....
  - (b) On cigars, \$2 United States currency per kilogram=about .....

## APPENDIX 5.

*Estimates of the annual production, export, and domestic consumption of Philippine tobacco.*

Production (in good years):	Quintals.
Cagayan .....	120,000-150,000
Isabela .....	110,000-130,000
Union .....	80,000- 90,000
Ilocos Norte and Abra .....	40,000- 50,000
Barili .....	80,000-100,000
Other Visayas .....	70,000- 80,000
<b>Total</b> .....	<b>a 500,000-600,000</b>
Used as follows:	
1. Exports:	Quintals.
Leaf tobacco (all kinds) .....	b 190,000
Cigars (all Isabela and Cagayan, including Filipino style cigars), say 120,000,000 at 30 pounds, including stems and waste, per 1,000 .....	36,000
Cigarettes (as per statistics of Bureau of Insular Affairs), valued at \$20,699, at say \$15 per 1,000 packages, 1,380,000 packages of 90 pounds per 1,000 .....	1,240
All other manufactured tobacco (as per same statistics) .....	1,170
<b>Total exports</b> .....	<b>Quintals.</b> <b>228,000</b>
2. Local consumption:	
Cigars (all Isabela and Cagayan), say 50,000,000 at 30 pounds per 1,000 .....	15,000
Cigarettes (former output, i. e., before enactment of the internal-revenue law; all kinds of tobacco), about 332,000,000 packages at 90 pounds per 1,000 packages .....	299,000
<b>Local consumption, total</b> .....	<b>314,000</b>
<b>Total used</b> .....	<b>542,000</b>

<sup>a</sup> 50,000,000-60,000,000 pounds.

<sup>b</sup> 19,000,000 pounds, whereof about 10,000 quintals (1,000,000 pounds) is wrapper; 40,000 quintals (4,000,000 pounds) filler, and 140,000 quintals (14,000,000 pounds) ordinary leaf.

## APPENDIX 6.

*Exports from the Philippine Islands during the year ending June 30, 1903.*

[From statistics of the Bureau of Insular Affairs, Washington.]

	Value in gold.	Per cent.	Duty as per Dingley tariff, of which 25 per cent actual reduction has to be deducted.
1. Articles on the free list:			
(a) Staple articles of the Philippine Islands—			
Hemp .....	\$21,875,351	66	
Copra .....	4,473,029	14	
(b) Other articles—			
Coffee .....	\$1,378		
Cocoa .....	11		
Gums and resins .....	173,629		
Shells .....	121,226		
Sapan wood .....	32,972		
	329,216	1	
	26,677,596	81	
2. Articles paying duty in the United States:			
(a) Staple articles of the Philippine Islands—			
Sugar .....	3,955,568	12	\$1.23 per pound.
Tobacco—			
(1) Unmanufactured.....	\$902,870	2	\$1.85 per pound, wrapper; 35 cents, filler.
(2) Manufactured.....	979,142	3	\$4.50 per pound and 25 per cent ad valorem.
	1,882,012		
(b) Other articles—			
Hides, etc .....	77,206		15 per cent ad valorem.
Manufactures of hemp .....	26,981		Cordage, 1 cent per pound.
Ilang-ilang oil .....	103,789		25 per cent ad valorem.
Straw hats, etc .....	137,369	1	35 per cent ad valorem.
	345,295		
	6,182,875	18	
3. Sundry articles of minor importance.....	261,309	1	
Total .....	33,121,780	100	

## APPENDIX 7.

*Exports from the Philippine Islands in the fiscal years ending June 30, 1899-1903.*

[From statistics of the Bureau of Insular Affairs, Washington.]

Article	1899.		1900.		1901.	
	Value.	Per 100.	Value.	Per 100.	Value.	Per 100.
Hemp.....	\$6,666,886	54	\$11,398,943	58	\$14,453,110	62
Of which to United States .....	2,492,274		3,446,141		2,402,867	
Sugar .....	2,333,851	19	3,022,161	15	2,293,063	10
Of which to United States .....	1,007,055		21,000		93,472	
Tobacco .....	2,212,762	18	2,182,022	11	2,217,728	10
Of which to United States .....	7,002		1,892		5,027	
Copra .....	670,145	5	1,690,897	9	2,648,305	11
Of which to United States .....					4,450	
All other .....	483,268	4	1,457,045	7	1,602,742	7
Of which to United States .....	34,563		53,127		66,205	
Total .....	12,366,912	100	19,751,068	100	23,214,948	100
Of which to United States .....	3,540,894		3,522,160		2,572,021	

*Exports from the Philippine Islands in the fiscal years ending June 30, 1899-1903—Cont'd.*

Article.	1902.		1903.	
	Value.	Per 100.	Value.	Per 100.
Hemp.....	\$15,841,316	66	\$21,701,575	66
Of which to United States.....	7,261,459	12	12,314,312	12
Sugar.....	2,761,432	10	3,955,568	10
Of which to United States.....	293,354	4	1,335,826	4
Tobacco.....	2,501,367	10	1,882,012	5
Of which to United States.....	8,615	4	46,162	4
Copra.....	1,001,656	7	4,473,029	14
Of which to United States.....	7	8	9,173	8
All other.....	1,821,908	8	1,109,596	3
Of which to United States.....	128,308	100	157,586	100
Total.....	23,927,679	100	33,121,780	100
Of which to United States.....	7,691,743	100	13,863,069	100

## APPENDIX 8.

*Summary of Philippine tobacco exports for the years 1891 to 1902, in quintals.*

[From Statistics of the Manila Chamber of Commerce.]

	1891.	1892.	1893.	1894.	1895.	1896.
Great Britain.....	7,664	5,334	15,904	10,500	18	6,387
United States.....		4	18	10	4	44
Continent of Europe.....	195,925	247,160	213,611	178,599	203,611	189,973
China, etc.....	3,577	1,352	1,153	1,796	3,576	23,325
Total.....	207,166	253,850	230,686	190,904	207,209	219,729

	1897.	1898.	1899.	1900.	1901.	1902.
Great Britain.....	37,008	21,893	20,845	338	2,042	4,412
United States.....		312			53	1,138
Continent of Europe.....	253,341	143,153	89,094	185,013	169,770	179,432
China, etc.....	26,363	9,812	4,322	3,017	5,678	4,384
Total.....	316,712	175,170	114,261	188,368	177,543	189,366

## APPENDIX 9.

*Exports of tobacco, manufactured and unmanufactured, from the Philippine Islands during the fiscal years ending June 30, 1901-3.*

[From Statistics of the Bureau of Insular Affairs, Washington.]

	1901.	1902.	1903.
Leaf.....	\$953,520	\$784,523	\$902,870
Cigars.....	1,250,175	1,666,722	947,498
Cigarettes.....	11,092	9,995	20,699
All other manufactured tobacco.....	2,941	40,127	10,945
Total.....	2,217,728	2,501,367	1,882,012

## APPENDIX 10.

*Commerce of the Philippine Islands.*

[From Statistics of the Bureau of Insular Affairs, Washington.]

	1899.	1900.	1901.	1902.	1903.
Imports.....	\$19,192,986	\$24,863,779	\$30,162,471	\$33,342,166	\$33,811,384
Exports.....	14,846,582	22,990,373	24,503,353	28,671,904	32,396,746
Total.....	34,039,568	47,854,152	54,665,824	62,014,070	66,208,130

## APPENDIX 11.

*Details about the Philippine tobacco trade.*

2½ acres=1 hectare.

1 quintal=46 kilograms=101.41 pounds English.

1 mile=1.609 kilometer.

There are about 50 to 60 cigar and cigarette factories in the Philippine Islands between large and small establishments, those of more or less importance being La Insular, Flor de la Ysabela, Gemcinal, El Oriente, Paz y Buen Viaje, Alhambra La Yebana, Alejandrina, María Cristina, Urania, Union La Rosa, Aguila Real, Comercial, etc.

Philippine tobacco (good quality for cigars) costs in Manila to-day, say, 10 to 20 cents (United States currency) per pound for filler and 15 to 30 cents per pound for wrapper.

The present prices of Manila cigars are the following:

Filipino style cigars (straight wrappers), not exportable to the United States, weighing 10 to 18 pounds per 1,000, prices per thousand, \$6 to \$12 (United States currency).

Cuban style cigars (spiral wrappers), weighing 15 to 30 pounds per 1,000, prices per thousand, \$12 to \$15 (United States currency).

A middle-sized cigar weighs about 18 pounds per thousand, and costs to-day about \$25 (United States currency) per thousand. The amount of leaf used for such cigar is about 30 pounds per 1,000, i. e., unstemmed leaf and including the waste.

The cigar maker's labor is to-day paid for from \$2.50 to \$12.50 (United States currency) per 1,000 Cuban style cigars; the labor on the 18-pound cigar is \$5.50 to \$6 (United States currency) per 1,000. A cigar maker's foreman receives to-day about \$20 to \$30 (United States currency) per month. A native overseer or technical manager in the cigar factories in Manila receives from \$75 to \$150 (United States currency), and in the larger establishments some employees of this category earn considerably more. The wages for packers and similar workmen are about \$13 to \$15 (United States currency) per month on the average; the ordinary laborer, if paid by the month, receives from \$10 to \$15 (United States currency).

All these wages are considerably less than the rates which should be paid to them, as compared with former wages (about 20 per cent less), taking in consideration the enhanced cost of life, say by about 100 per cent or more.

Cuban style cigars are fine specimens of workmanship, the wrapper being applied to the cigar without gum, except at the top by a bit of gum, the spiral of the wrapper making only four to five rounds.

Filipino style cigars are ordinary cigars, the wrapper being applied to the cigar with a big supply of gum, in a straight manner, i. e., not spiral. A skilled workman can produce in a day 100 to 125 Cuban style cigars, whereby he may gain about \$15 to \$19 gold per month on the average.

*Rates of import duty in the United States on Philippine leaf tobacco, with a presumptive reduction on the Dingley tariff of \$1.85 per pound wrapper, 35 cents per pound filler.*

[United States currency per pound.]

	25 per cent (present reduc- tion).	50 per cent.	75 per cent.	85 per cent.
Wrapper .....	\$1.387	\$0.925	\$0.462	\$0.277
Filler .....	.262	.175	.087	.052

*Rates of import duty in the United States on Manila cigars weighing 18 pounds, present cost \$25 (United States currency) per 1,000, with a presumptive reduction on the Dingley tariff of \$4.50 per pound and 25 per cent ad valorem.*

25 per cent (present reduction = about 260 per cent ad valorem) .....	\$65.43
50 per cent (= about 175 per cent ad valorem) .....	43.62
75 per cent (= about 87 per cent ad valorem) .....	21.81
85 per cent (= about 52 per cent ad valorem) .....	13.09



*Pro forma invoice, for 1,000 Manila cigars weighing 18 pounds per 1,000, laid down in San Francisco, duty paid, with several presumptive reductions on the Dingley tariff.*

(It is again to be observed here that the cost of Manila cigar would considerably increase if free trade or a reduction of 25 per cent is conceded, so the figures below will represent less than the real price which a Manila cigar would command in such a case, always provided the public in the United States will at all smoke our cigars.)

1 case containing (200 boxes at 50) 10,000 Manila cigars at ₱50..... ₱500.00

## CHARGES.

Case and all expenses till put on board .....	₱7.50	
Export duty, \$1.57½ gold per 100 kilos. (Refunded in United States.)		
Customs certificate and stamp on same, \$3.50 gold. (Refunded in United States.)		
Marine insurance, ₱600 w. a. at 1½ per cent.....	9.00	
Freight Manila to San Francisco, \$10.50 gold per 40 cubic feet; on about 18 cubic feet, \$4.72 gold (minimum, \$10 gold), at 50 (the freight Manila to New York is \$21.75 gold per 40 cubic feet, increasing the cost of 1,000 cigars by about 50 cents gold).....	9.44	
		<u>a 25.94</u>
		525.94
At parity of 50 cents gold .....		\$262.97
Import duty in United States:		
\$4.50 gold per pound on 180 pounds, net weight .....	810.00	
25 per cent ad valorem on ₱500, at 50 cents gold, \$250 .....	62.50	
		<u>872.50</u>
Present reduction of 25 per cent.....	218.12	
		<u>b654.38</u>
		917.35

One cigar laid down in San Francisco, about 9.2 cents, or retail price not less than 12 cents per cigar.

On basis of the above pro forma invoice we would, with the several other presumptive reductions on the Dingley tariff, arrive at the following figures:

	50 per cent.	75 per cent.	85 per cent.	Free en- try.
Cost of one cigar laid down in San Francisco.....cents United States currency.....	7	4.8	3.9	2.6
Corresponding retail price.....cents United States currency..	9-10	7-8	6-7	5-6

## APPENDIX 12.

*Notes on the Philippine Islands.*

[Taken from various sources.]

The Philippine Islands are believed to be at least 1,000 in number. Distance from the United States, about 8,000 miles. Area, about 130,000 square miles. Luzon, the largest island of the archipelago, is about the size of the State of New York, and its area is 44,000 square miles. Population of Philippine Islands, between 7,000,000 and 8,000,000, of whom about 1,000,000 are savages. About one-tenth of the area has been under cultivation. Chief products, rice, corn, hemp, magney, coconuts, sugar, tobacco, sweet potatoes, etc. Formerly also coffee was produced in relatively large quantities, but the plants were destroyed by insects.

Distance from Manila to the Isabela Province by steamer and river boat, 6 to 8 days. Population of the city of Manila, 220,000; of the Cagayan Province, 140,000; of the Isabela Province, 70,000; of Nueva Vizcaya and Nueva Ecija provinces together, 150,000. Currency in the Philippine Islands: Philippine peso, equal to 50 cents United States currency.

<sup>a</sup> About 5 per cent.

<sup>b</sup> About 260 per cent.

## APPENDIX 13.

[Statement made by the chief of the bureau of agriculture of the Philippine Islands, showing that it is impossible to increase largely the culture of Philippine tobacco of an acceptable quality.]

## APPENDIX 14.

THE GOVERNMENT OF THE PHILIPPINE ISLANDS,  
DEPARTMENT OF THE INTERIOR, BUREAU OF AGRICULTURE,  
OFFICE OF THE CHIEF OF BUREAU,  
*Manila, P. I., December 6, 1904.*

SIR: In answering your request for information as to the probable limits of successful tobacco production in these islands, I will say that at the present time the only good tobacco raised in the islands is confined to one river valley—the Cagayan, in northern Luzon.

From the weather records I see that there is no other spot in the islands having the same amount of rainfall and other climatic conditions so suitable for successful tobacco growing. It is a fact, furthermore, that good tobacco can not be grown anywhere in the world near salt water—probably within 10 miles of any seacoast or salt-water inlet. In fact, the different experienced growers and members of the trade here tell me that the distance from the seacoast necessary to grow good combustible tobacco is 20 to 30 miles.

If this be the case, certainly no very great things may be expected in the way of volume of produce from these islands under any conditions, as the tremendous amount of seashore surrounding the various islands of the archipelago would render the area of successful tobacco growing very small indeed.

The interior of every island is mountainous, and the rainfall so great that the successful raising and curing of tobacco would be absolutely impossible in all of these regions.

Most of the level lands and alluvial lands of the entire archipelago lie within 10 to 15 miles of seashore, and in these districts is found the bulk of the population. My own opinion is, from observing the slow way in which people here change their methods of doing business, that even if districts other than the Cagayan Valley—which now perhaps grows nearly all the tobacco it is capable of growing—should be found suitable for raising good tobacco, it would be fifty years before the industry would spread considerably to any other new sections.

For instance, the Pampanga Valley is devoted almost entirely to rice, sugar cane, and corn. I understand that it has been so since the recollection of the earliest inhabitants. The people in this valley, as elsewhere, are as conservative as the Chinese about changing their practices. Regardless of the possible profits in tobacco or other new crop, I do not believe fifty years would suffice to bring about any very considerable change in the crops they are producing.

Hoping these suggestions may be of some service to you, I am,

Very truly, yours,

W. C. WELBORN, *Chief of Bureau.*

MR. A. DETERMANN,  
*Care of Baer Senior & Co.'s Successors, Manila.*

MR. HILL. Do they make those cigars by the piece or by the day?

MR. DETERMANN. By the piece.

MR. HILL. What do they average a day? What do the men and the women in the insular cigar factory in Manila average per day in wages?

MR. DETERMANN. They make from 100 to 150 cigars per day.

MR. HILL. For a man?

MR. DETERMANN. Only men.

MR. HILL. How many will the women make? About half as much?

MR. DETERMANN. They make another kind of cigar.

MR. CURTIS. What wages are they paid? How much do they get per thousand?

MR. DETERMANN. A perfecto cigar; about \$6 to \$7 in gold.

Mr. CURTIS. Do you mean gold dollars?

Mr. DETERMANN. Yes; dollars, gold.

Colonel EDWARDS. That corresponds to the cablegram that was put in here. I made a cable inquiry upon a suggestion of Mr. Williams.

Mr. WILLIAMS (addressing Mr. Hill). How many cigars do the Americans make in a day, Mr. Hill: the average number?

Mr. HILL. I ought to know, but I don't.

Mr. PERKINS. The perfecto cigar, he could make 150 in a day. The perfecto cigar which the Secretary of War has mentioned here, and which has been mentioned in the paper read, he could not make over 150 in a day.

Mr. WATSON. Do you say over 150?

Mr. PERKINS. He could hardly make 150. That would be a big day's work for a Spanish-style cigar.

Mr. DETERMANN. I said from 100 to 150.

Mr. PERKINS. Some might probably make 200, but it would take a very clever man to make 150 cigars a day.

Mr. DETERMANN. I did not say 200 as the limit; I said 100 to 150.

Mr. CURTIS. How long have you been in the islands?

Mr. DETERMANN. Six years.

Mr. CURTIS. What is your business there?

Mr. DETERMANN. I am assistant manager of the firm of Baer Senior & Co.'s Successors.

Mr. CURTIS. Are they dealers exclusively in tobacco?

Mr. DETERMANN. They also deal in Ilangilang oil and hats—straw hats.

The CHAIRMAN. Do you import any Sumatra tobacco in the islands?

Mr. DETERMANN. No, sir; not to my knowledge.

The CHAIRMAN. Do you believe the duty on leaf suitable for wrappers should be \$1.85 a pound imported into the islands?

Mr. DETERMANN. Well, I don't know about that.

The CHAIRMAN. You don't import any wrapper leaf?

Mr. DETERMANN. No; I may mention that we use more than one-half of the whole production of tobacco in the Philippine Islands for home consumption.

The CHAIRMAN. But you do not import any wrappers?

Mr. DETERMANN. No; there may be a few cases that have been imported that I do not know of, but not to any extent.

Mr. HILL. Is there any difference in the character of export to the East Indies, Australia, China, and Japan, between those different countries; I mean the quality or character of tobacco that you export to those countries.

Mr. DETERMANN. There is no export now to Australia and Japan, hardly any.

Mr. HILL. There was last year.

Mr. DETERMANN. Do you mean to say during former years?

Mr. HILL. You export the same quality of tobacco to China as you do to the East Indies?

Mr. DETERMANN. Yes.

Mr. HILL. And the same to Japan that you do to China?

Mr. DETERMANN. We don't export any to Japan.

Mr. HILL. You did in 1903 and 1904 and also 1901 and 1902, according to the statistics.

Mr. DETERMANN. But not to any amount during the last years.

Mr. HILL. Why is there any difference in the price of tobacco which is exported to the countries in the Orient and the tobacco exported to Australia, France, Italy, and Spain? What is the difference in the quality that makes the difference in price?

Mr. DETERMANN. The export of leaf tobacco consists chiefly of shipments direct to Spain. Spain in the first place, and then to Austria, to Belgium, and Holland. Now, as to the quality; the exportation of tobacco to Spain may be considered as inferior to that which is exported to Holland and Belgium.

Mr. HILL. One uses it for cigar purposes and the other for smoking tobacco, is that it?

Mr. DETERMANN. I don't know what it is used for chiefly.

Mr. HILL. What do you export to China in the way of tobacco?

Mr. DETERMANN. Not any leaf tobacco, only cigars. There may be figures and statistics of exports of leaf tobacco to China, but that is erroneous, because it is reshipped from China to other countries. We have no control over their final destination.

Mr. WILLIAMS. Such as you ship goes to Hongkong?

Mr. DETERMANN. That is only a small percentage.

Mr. JAMES WOOD. In listening to Colonel Edwards read your paper, did I understand him right when he quoted you as saying that there were many cigar makers in Manila unable to find employment?

Mr. DETERMANN. Yes; that is right.

Mr. HILL. I would like to ask Mr. Perkins what is paid for the manufacture of American perfecto cigars, such as the Secretary said, and this gentleman also said, would cost \$7 a thousand to make in Manila?

Mr. PERKINS. They make no Spanish style, the same as made over there.

Mr. HILL. I think the Secretary stated that it was \$34 on that style and \$17 on the American style.

Mr. PERKINS. His figures were pretty near right.

The CHAIRMAN. Nearly the same here as there?

Mr. HILL. No; I said that the Secretary gave it as \$34 if made in the Spanish style and \$17 in the American style, and \$7 if made in Manila. What I was trying to get at was that the duty would be \$21.72, in Cuban, and the cost of manufacture \$7, making \$28.72, so that the duty would be a fair share of the entire cost, with the labor here.

Mr. WILLIAMS. That is, after this bill passes, if it should.

The CHAIRMAN. It has been suggested that gentlemen desire to have Mr. Willett heard in reply.

Mr. PALMER. Mr. Willett is here from New York and perhaps can clear up some of the questions as to statistics.

Mr. NEEDHAM. Before he goes ahead I would like to have permission to put in the record these papers and have them follow statement of Mr. Munson, being a letter from the Alameda Sugar Company and from Spreckels Sugar Company.

**STATEMENT OF EDWARD P. MUNSON, SUBMITTED BY MR. CLARK.**

My name is Edward P. Munson. I reside near Napoleonville, in Assumption Parish, State of Louisiana. Am engaged in the business of growing cane and making it into sugar, and have been so exclusively engaged for more than twenty years. I own and operate a 1,200-acre plantation of my own, and have an interest in and am manager of a plantation called Magnolia, on Bayou Lafourche, and I also have an interest in and am manager of two other plantations on Bayou Teche.

The cane-growing business in Louisiana is not so profitable as may be supposed, and is more precarious and expensive in Louisiana than elsewhere. Among other reasons for this may be mentioned the ever-present danger of an early freeze, which may and often does greatly reduce the sugar produced from the crop; the large amount continually necessary to expend in maintaining drainage ditches and canals throughout the plantation; the large amounts necessary for fertilizers in order to mature the crop early enough for grinding; the large amount of taxes, State and county, and to maintain levies.

Last year, fortunately, was a favorable one, both in production and price, and could not be taken as a criterion for the future. Omitting that year, I have prepared the following statement as an average for the five years preceding of the value of the crop produced and the expense of its production, taking my own plantation of 1,200 acres in actual cultivation as a basis:

I have upon this plantation a sugar factory in which I manufacture into sugar and molasses the whole crop of the place. Taking this land, factory, and improvements at a fair value, I would say they are worth \$250,000.

Generally the proportion of crops upon a sugar plantation is one-third in corn, one-third in plant cane, and one-third in stubble cane. By plant cane is meant that which is planted that year, and by stubble cane is meant that planted the year before and from which one crop is made. From this it will be apparent that the rule is that the cane crop must be replanted every second year. It takes the corn and peas thus raised to maintain the stock necessary to run the place in cultivation and in manufacturing, so that no revenue is derived on the plantation from anything except the cane.

A fair average for these five years of cane produced to the acre would be 20 tons, of the sugar produced from each ton 125 pounds, with 6 gallons of molasses. An average price for sugar for the five years would be 3½ cents per pound, and of the molasses 10 cents per gallon. Figuring 650 acres in cane for the mill (for 150 acres of 800 in cane must be reserved each year for the following year's planting), and figuring 20 tons per acre, would give 13,000 tons. Each ton would produce about 125 pounds of sugar and 6 gallons of molasses. This would give every year a gross income of \$64,675.

A fair statement of the expense of producing this product would be as follows:

Fertilizer, 400 pounds to the acre of plant cane, 600 pounds to the acre of stubble cane, and 300 pounds to the acre of corn, making a total of 260 tons, at \$24 per ton.....	\$6,240.00
Peas for 400 acres .....	840.00
Putting down cane for spring planting.....	262.00

Preparing and planting 400 acres, at \$2.50 per acre .....	\$1,000.00
Expense per acre of cultivating 800 acres, including plowing and hoeing, cleaning cross drains and large canals, pay of hostlers, blacksmith, and overseers, \$20 per acre.....	16,000.00
Cultivating and harvesting corn and pea hay for stock.....	3,000.00
Gathering and delivering cane at factory, 13,000 tons, at 75 cents per ton.	9,750.00
Cost of manufacturing this into sugar and molasses and putting on market, \$1.50 per ton.....	19,500.00
State and parish taxes on plantation.....	1,963.00
Purchase tax.....	405.00
Insurance on factory.....	1,250.00
Eight mules each year.....	1,600.00
Total.....	61,810.00

It is true that some years the yield per acre is greater and the price per pound is greater, and it is also true that some years it is less both in the yield and price. It seems apparent from this statement that cane growing in Louisiana can not bear much competition and survive. In the past ten years a few sugar planters in Louisiana have made money, and many, to my knowledge, have gone to the wall and been forced into bankruptcy.

Yours, respectfully,

E. P. MUNSON.

[Letter submitted by Mr. Needham from Alameda Sugar Company, No. 132 Market street.]

SAN FRANCISCO, *January 13, 1905.*

HON. JAS. C. NEEDHAM,

*Washington, D. C.*

DEAR SIR: The press dispatches indicate that under the influence of the Secretary of War there is an official purpose to modify the tariff in respect of the duty on raw sugar imported from the Philippine Islands.

This duty, which is now 75 per cent of the Dingley schedule, is 1.26+ per pound on the basis of 96°, while the duty on other foreign sugar of same quality is 1.685, a preferential difference in favor of the Philippines of nearly one-half cent per pound.

We ask you as a Representative of this State to oppose this measure if it be offered and for the following reasons: California was the first State in the Union to undertake the manufacture of sugar from beets and its output is greater than that of any other State.

During past years there has been much to learn regarding agricultural and manufacturing processes, and we have now reached a point where knowledge of the art, more resourcefulness, and greater inventive faculty will enable us to keep pace with foreign producers in all respects excepting the cost of labor, which, of course, affects the cost of beets as well as that of sugar extraction.

California has an immense area suitable for beet culture, but it is found that these cultivable districts must be selected with reference to supplies of underground or stream waters to protect growers against unfavorable rainfall conditions.

In addition to the seven factories now in existence others are in contemplation, and if there be no disturbance of existing conditions these proposed new plants will be erected.

This will mean that California can not only supply the Pacific coast States, but also extend its field to cover a large portion of the demand

west of the Missouri River, a territory that it is now reaching in part. The encouragement of this industry not only induces capital to develop the resources of the State, but it will promote the employment on a large scale of lands that have not as a rule yielded profit when devoted to cereals, and it will call for the use of a vast amount of labor both on farm lands and in factories.

The combined daily capacity of the seven existing factories is 10,000 tons, and these working to their limit during campaign of, say, one hundred days, will consume 1,000,000 tons of beets. To furnish these will require the use of 100,000 acres of land, yielding an average of 10 tons per acre.

The size of the average farm in the districts tributary to the factories is less than 100 acres. But even assuming this, it means the use of 1,000 farmers whose product has an assured and unfluctuating market, because contracts are made for beets before they are planted and at rates that have had only an upward movement since the establishment of the industry.

Nowhere in California is the farming element so prosperous as in the vicinity of beet-sugar factories. Consider this fact and the employment of the large amount of help necessary for the cultivation of the crop on the farms and working in the factories; add to this the similar local advantages enjoyed by citizens of Utah, Colorado, Idaho, Washington, Wisconsin, and Michigan, where the industry has obtained a strong foothold, and then let us ask why jeopardize this enterprise that promises to make our country self-supplying, to follow a piece of sentimentalism over a country that even friends of the Government think it was a mistake to buy, but having bought it regret that there is necessity for keeping it.

The country is not American, and the movement will not favor Americans. Sugar refiners in America who will buy the Philippine sugar do not produce anything. They send their money out of the country to buy what should be made at home, remelt it, take out the color, and then sell it to the American citizen in the place of what he should produce from the land and at profit to himself.

The Philippine growers do not need the increase of preferential protection against other foreign growers. Its climatic conditions and its soil will enable it to produce sugar as cheaply as it is done in the most favored country; besides, take the present raw-sugar market in New York, deduct from that the ocean freight and the present customs duty, and the balance will show a profit-yielding price greater than what may be shown from the product of the Hawaiian Islands on its annual output of 400,000 tons.

Any decrease in the duty will serve only to increase this profit to the parties interested, most of whom are not Americans.

We have not burdened this communication with statistics to prove the general truth of the statements, because, doubtless, these are, or will be, made available to you, but we protest against this move, because whatever justification there was respecting Cuba, and we could see none, there is infinitely less for this.

Yours, truly,

ALAMEDA SUGAR COMPANY,  
UNION SUGAR COMPANY,  
JAMES COFFIN, *Secretary*.

[Letter submitted by Mr. Needham from Spreckels Sugar Co., 327 Market street.]

SAN FRANCISCO, CAL., *January 7, 1905.*

Hon. J. C. NEEDHAM,

*House of Representatives, Washington, D. C.*

DEAR SIR: The report is gaining currency that at the present session of Congress a determined effort will be made to revise the tariff on raw sugar from the Philippine Islands. The present rate of duty, as you no doubt are aware, is 75 per cent of the Dingley sugar schedule, or 1.26375 cents per pound, basis 96°, while the rate per pound on foreign importations, basis 96°, is 1.685 cents, a difference of 0.42125 cent per pound, or \$8.42½ per ton in favor of the Philippine Island sugar planters. If the proposed measure is adopted it will seriously threaten and may ultimately ruin the beet sugar industry of the United States, and we therefore beg to address you in the hope that as a Representative of the State of California you will lend your assistance in defeating any bill that may be introduced having for its object and purpose a reduction in the present rate of duty on raw sugar from the Philippines.

California, as you know, is a large producer of beet sugar, and with proper encouragement the industry will expand until every acre of land in the State adapted to the cultivation of beets is pressed into service for the production of sugar. When one stops to consider that it is far more profitable for the farmers to raise beets than wheat or any other cereal, you will realize and appreciate fully the great aid that the expansion of the industry in California and other States will lend in increasing the profits of farmers and widening the field for wage-earners. Another convincing reason for asking your aid is that, taking as a basis our factory at Spreckels, the capacity of which is 3,000 tons of beets daily, and assuming that it is furnished with enough beets to work uninterruptedly for one hundred days, this would require the planting of 30,000 acres annually at 10 tons of beets to the acre. This, with proper rotation of crops, would mean 90,000 acres, as experience has shown that lands can not be sown to beets more than once in three years. The average individual holding is in the neighborhood of 75 acres, which for 90,000 acres would mean 1,200 farms. Taking 5 as the number of persons in a family—and this so far as it relates to the farming element is abnormally low—would make a total of 6,000 persons having interest in farms who would secure their livelihood from beets cultivated for the Spreckels Sugar Company. This, of course, does not represent anything like the number of persons directly and indirectly benefited by the factory operated by us, as every farmer presses into service quite a number of men outside of his own family for the cultivation of his land.

Aside from this the factory itself gives employment to hundreds, so that taking all the factories now in operation in the United States, and the hundreds of thousands of acres devoted to the cultivation of beets, it will show that the number of men directly and indirectly benefited by the industry runs into the hundreds of thousands. The raw sugar importations of the United States at the present time reach the enormous figure of 2,000,000 tons. Why, then, may we ask, is it not proper for the Government to follow the lead of Germany and other European countries and foster the beet-sugar industry of the United States? Surely the people of the United States have a right to expect first consideration at the hands of the Administration and their Senators and Representatives. We can say without fear of dispute that



the copious and evenly distributed rainfall of the Philippine Islands, taken in conjunction with the well known productiveness of the soil, makes them particularly valuable for the production of cane sugar. In this regard they have a distinct advantage over California. The rainfall here, as you know, is very uncertain, and what we have is encompassed within a very short time, so that in the absence of irrigation we are dependent wholly on the elements. It is decreasing year by year, and will continue to do so as long as the pernicious practice of denuding the mountains of trees continues. From this you will see that the Philippines have an exceptional advantage in the way of agricultural conditions, and by reason of their comparatively close proximity, the result of a reduction of duty on sugar from the Philippines would be felt here and throughout the beet-sugar producing sections of the West sooner than anywhere else, as San Francisco is the natural entrepot of the United States for merchandise from the islands of the Pacific, including the Philippines.

At the inception of the beet-sugar industry in the United States it was supported by a liberal bounty from the Government, and on the strength of what was accepted by everyone as a promise on the part of the Government to foster the industry by the payment of bounties extending over ten years, an enormous amount of money was expended for the construction of factories. In the course of a very short time, and much to the surprise of those engaged in the production of beet sugar, the act providing for the payment of bounties was repealed. This not only seriously crippled, but resulted in almost ruining the industry. It was only by dint of unceasing toil and the practice of the most rigid economy that the owners of some of the beet factories succeeded in weathering the storm. In the face of the Government's failing to keep the promises made to the beet-sugar producers and its refusal to continue the payment of bounties it would be most unfair now to foster the cultivation of cane sugar in the Philippines by reducing the duty on importations of sugar from there.

The price to-day of centrifugal sugar, basis 96°, landed in New York, duty paid, is 4.87½ cents per pound. As previously pointed out, sugar from the Philippines is now assessed with duty at the rate of 1.26375 cents per pound, leaving 3.61125 to the producer, less freight. The cost for transportation from the Philippines to San Francisco and New York does not exceed \$5 per ton, or one-fourth of a cent per pound, making the net price now obtainable for Philippine Island sugar, after paying freight and duty, 3.36125 cents. At the time Judge Taft advocated a reduction of 50 per cent in the duty on sugar from the Philippine Islands, he said that with this concession (50 per cent) sugar could be produced there and sold in the United States at a profit. The cost at that time of centrifugal sugar, basis 96°, f. o. b. vessel at ports in the Philippine Islands, was 2 cents. For comparison we will accept this as the cost of production, and in the memorandum appended we have attempted to show the profit that would have accrued to Philippine Island producers had Judge Taft, at the time he appeared in their behalf, succeeded in having the duty reduced 50 per cent and the profit accruing to them on the basis of to-day's market after paying duty of 1.26375 cents, which rate, as a compromise, was established.

At the time Judge Taft advocated reduction of 50 per cent in duty:

Price centrifugal sugar, basis 96°, landed, New York.....	3.935
Cost centrifugal sugar, f. o. b., Philippines.....	\$2.00
Freight.....	.25
Duty.....	.8425
	<hr/> 3.0925
Profit per 100 pounds.....	.8425

At present time:

Price centrifugal sugar, basis 96°, landed, New York.....	4.875
Cost centrifugal sugar, f. o. b., Philippines.....	\$2.00
Freight.....	.25
Duty.....	1.26375
	<hr/> 3.51375

Profit per 100 pounds..... 1.361

After a study of the foregoing it must be manifest to you that to reduce the duty on sugar from the Philippines to the advantage of the comparatively few men engaged in the production of sugar there—the most of whom are foreigners—would entail a hardship on the farmers whose lands in this country are devoted to the cultivation of beets, and to the manufacturers engaged here in the production of beet sugar. In their dual capacity they give employment to thousands of laborers and skilled workmen, and these, as well as the farmers and manufacturers, are entitled to first consideration at the hands of their Congressional representatives. The mistake, if made, would be irreparable and far-reaching in its effect.

The question at issue is one of grave and vital importance to the prosperity and advancement of the State of California, and in our opinion the present tariff of 1.26375 cents on sugar of 96° from the Philippines should remain undisturbed. This, in comparison with duty of 1.685 levied on foreign sugars, is a most liberal concession, and we can not but think that with the desires you must have for the growth, advancement, and prosperity of California, you will agree with us that the admission of sugar from the Philippines at less than the present rate of 1.26375 cents would, if adopted, be a most serious and disturbing factor to the beet-sugar industry of the United States.

We sincerely hope that you will strenuously oppose any measure having for its object a reduction in the present rate of duty on sugar from the Philippine Islands, and with warmest regards beg to remain,

Yours, respectfully.

SPRECKLES SUGAR COMPANY,  
By W. H. HANNAM.

#### STATEMENT OF WALLACE P. WILLETT, OF NEW YORK.

MR. WILLETT. I am sorry that Judge Taft is not present, as I would like to call his attention to an inadvertent error which he made in stating that the cost of the Philippine Island sugar landed at New York was 3.06 cents per pound and the value in New York at present 3.38 per pound, making the profit one-third of a cent per pound. The judge is led into that by this circumstance, I think: That 12,000 tons of Philippine Island sugar was sold in New York in the month of October at 3 $\frac{3}{8}$  cents per pound for the assorted cargo. Three and one-half cents per pound was paid for a cargo which came in a sailing vessel leaving Manila on the 21st day of July, which only arrived in

New York this month—January 7—and of course was delivered at a price of  $3\frac{1}{2}$  cents per pound.

The CHAIRMAN. Was that the actual price or the price figured at 96° sugar.

Mr. WILLETT. That was the actual price on the test of the sugar.

The CHAIRMAN. As the sugar was?

Mr. WILLETT. Yes.

The CHAIRMAN. Eighty-eight degrees or less?

- Mr. WILLETT. Probably the Judge heard that that cargo was being delivered this month at that price.

Colonel EDWARDS. We have those figures in the Bureau of Statistics, Mr. Chairman.

Mr. WILLETT. Whereas the fact is that that price was paid in the month of October. The value to-day in the New York market is  $4\frac{1}{2}$  cents per pound on the same sugar, a difference of over a cent a pound. Consequently the profit, instead of one-third of a cent a pound, is  $1\frac{1}{2}$  cents for the Philippine sugar to-day, and the Philippine Islanders understand that fact, because they offered 2,000 tons of Philippine Island sugars of the No. 1 grade on the 17th of January—this month—delivered in New York at  $4\frac{1}{2}$  cents per pound, or 2,000 tons of assorted 1's, 2's, and 3's at  $4\frac{1}{2}$  cents per pound. So much for the correction of that error.

To make the matter a little more distinct, and give you actual figures, the Philippine Islands Commissioners, in their report of December 31, 1903, when they requested a reduction of duties to 25 per cent of the Dingley bill, stated that the two islands producing the most sugar were in such a condition that unless something was done by Congress to relieve the situation there must be a total industrial collapse in those provinces. Then they stated that if this reduction was made in the duty to 25 per cent that it would produce a greatly increased prosperity of the two important provinces affected. At the time that report was made, December 31, 1903, Iloilo sugars of the usual assortment, 84 test, were quoted at £7 4s. and 6d. per ton, equal to 1.57 cents per pound f. o. b. Philippines. The same grade of sugar is now offered for sale at  $4\frac{1}{2}$  cents per pound, net cash, delivered in New York.

The duty on 84 test was 1.265, less 25 per cent, say 0.316 cents per pound, which equals the present assessment of the duty at 0.949 cents per pound. The freight from Manila to New York is \$5 per ton and the insurance is \$1.80 per ton, together \$6.80 per ton, equal to three-tenths cent per pound. The value at New York to-day is  $4\frac{1}{2}$  cents. The duty is 0.949 cents per pound, the freight and insurance is 30 cents per 100, and deducting the \$1.25 from the \$4.25 value leaves the present value f. o. b. Philippines 3 cents per pound. The Judge stated that it was \$2.59, I think, 3 cents per pound against a value on December 31, 1903, of 1.57 cents per pound, an increase in value therefore of 1.43 cents per pound.

Mr. CURTIS. Yet there has not been any material increase in the importation of sugar to this country from the Philippines?

Mr. WILLETT. No.

The CHAIRMAN. What was that question, Mr. Curtis?

Mr. CURTIS. I said that, notwithstanding the fact of this increase, there has been no material increase in the importation to this country.

Mr. WILLETT. That was because they had no sugar to bring out. The sugar has gone to China and Japan.

Mr. CURTIS. And will probably continue to do so.

Mr. WILLETT. To some extent; yes, sir.

The increase in value, therefore, was 1.43 cents per pound, and the present duty 95 cents per pound, so the increase then is 48 cents more than the entire amount of the duty. The Commission asked a reduction in the duty to save themselves, and by the rise in sugars all over the world, which rise, on Cuban sugar, has been 1.68 cents per pound since December, 1903. The Philippine Islands are in a position to-day to make twice the profit on their sugar production which they would have made had the duty been reduced as the Commission asked, had the price remained as it was a year ago. In other words, they have got all the relief they want from the advance in the price of sugars throughout the world, and it is nearly the amount that they asked for. Consequently, there seems to be no necessity for representing the Philippines. Judge Taft stated, referring to the cost of production, that an acre would produce  $1\frac{1}{2}$  tons of sugar. My statement shows that the profit to-day is 1.45 cents per pound on every pound they produce. Over a cent a pound according to Judge Taft's own figures. Consequently, the Filipinos with 200,000 acres in the Philippines to-day would make \$625,000 in profits on to-day's prices of sugar.

The CHAIRMAN. Are you calculating that at 5 tons an acre?

Mr. WILLETT. I took his figures.

The CHAIRMAN. How much has sugar advanced in New York this month?

Mr. WILLETT. Only a quarter of a cent per pound this month, but over a cent a pound since October.

The relief that the Philippine Islands asked for by reduction of duty has come about through the advance of sugars throughout the world and to twice the extent which they asked for.

Mr. WILLIAMS. In that connection, has the price obtained by the Cuban planter for his sugar gone up in the last two or three years, has it been raised in the last two years?

Mr. WILLETT. Yes, sir.

Mr. WILLIAMS. How much?

Mr. WILLETT. 1.68 cents per pound, and during the same time, from December 31, 1903, to the present time, during which the value of Cuban sugars has advanced 1.68 cents per pound, the value of Philippine sugar has advanced 1.43 cents per pound; the difference being the difference in freight for the longer distance the Philippine sugar has to come to New York.

Mr. HILL. Do they get the New York price in selling to China and the Orient generally?

Mr. WILLETT. Undoubtedly.

Mr. HILL. Less the freight?

Mr. WILLETT. Less the freight, which is about 6 cents a hundred.

Mr. HILL. So, no matter where the price went, sugar would not come here.

Mr. CURTIS. Then, no matter what the duty would be, sugar would continue to go to China?

Mr. WILLETT. To the extent China would take it. If you increase your production beyond what China and Japan would take, it would

have to find an outlet elsewhere. The distance from Manila to Hong-kong is four days, the same as from Cuba to New York. Consequently the Philippine Islands stand in the same relation to the markets of China that Cuba stands in in relation to the markets of New York, and the freight is virtually the same—6 cents a hundred, or \$1.35 a ton.

It was stated that because refinery sugars were made free and 80,000 to 100,000 tons came into the Atlantic seaboard, it has made no particular difference in the price of sugar in the United States, and consequently that whatever might be produced in the Philippine Islands and brought into the United States, even if it amounted to as much as 500,000 tons, which was stated as probable, it would hardly make a ripple in the price of sugars. I do not agree with that statement. It is not a parallel case at all. The parallel case would be this: If this committee were met together to consider the reduction of duties upon foreign sugars to a point where 600,000 tons of German and French refined sugars could come into the Atlantic seaports, that would be a parallel case to where the beet-sugar industry stands to-day as related to the Hawaiian Islands and the Philippine Islands.

There has been a change going on regarding the Hawaiian Island sugars which is of vast importance to the domestic beet-sugar industry, and the cane-sugar industry as well, which finds its market also in the same territory as the beet-sugar people find their markets west of the Missouri River. The duties being taken off of the Hawaiian sugars it left that island still making raw sugar to be manufactured into refined sugars by the refineries of the United States. That sugar has not, up to the present, come into competition with the beet-sugar industry of the west for the simple reason that the consumption on the Pacific coast of sugar is limited to about 120,000 tons. Any excess above that has found a market elsewhere, even over the Rocky Mountains toward the Missouri River or around Cape Horn to New York, and under contracts with the American refineries the surplus of the Hawaiian sugars above what is required at San Francisco for the Pacific coast markets has been brought around the Cape into New York and refined there and distributed through this country this side of the Missouri River.

The beet-sugar industry, with the exception of Michigan, is located the other side of the Missouri River, in the irrigation States; and those States are sparsely populated at the present time. Consequently the production of sugars to-day is just about the same as the requirements for consumption in those States where the beet sugars are produced. This is what is occurring regarding the Hawaiian crop, which is 400,000 tons—or 380,000 tons, to be accurate. Two estates have withdrawn from their contract to supply the American refineries with raw sugars and have introduced a new process of refining sugar, making granulated sugar direct from the cane juice. One of those estates is in operation to-day and will make 26,000 tons of refined sugar.

The CHAIRMAN. Where is that located?

Mr. WILLETT. In the Hawaiian Islands. Formerly, up to this year, they have made raw sugars and sold them to the refineries in this country. Now, they have introduced machinery to make refined sugars to the extent of 26,000 tons on one estate, and the first consignment of that sugar, 1,500 tons, reached San Francisco ten days ago, and I had samples in my office yesterday of the sugar, and it is the equal in every respect of the beet sugar manufactured in this country. That sugar,

1,500 tons, and the 26,000 or 25,000 to follow, will no longer go into the hands of the American cane-sugar refineries to be refined, but it will go right in direct competition with the beet-sugar production of California and the distant Western States. These contracts with Hawaii last now for three years—expire in three years—the contract to deliver raw sugars to the American refineries. But in five years, this being successful with these two estates, it is probably true that all the Sandwich Island sugars will be refined sugars instead of raw sugars. That is to say, there will be 400,000 tons more at least of refined sugars coming into the Pacific coast and spread through the West, through the territory now occupied by the beet-sugar industry, than there is at the present time.

Now, you gentlemen propose to add to that whatever amount of sugar may be made in the Philippine Islands, which has reached at one time as much as 283,000 tons. Last year it was only 80,000 tons, which accounts for what the gentleman asked, as to why it did not come to the United States. But Judge Taft's statement is that 200,000 acres of land are now under cultivation (I should disagree with him, because it ought to produce more than 80,000 tons of sugar), and that 200,000 acres more may come under cultivation, and that eventually there might be 500,000 tons of sugar there. That was his statement. He thinks it an easy matter to produce 500,000 tons of sugar there. And he also stated, if I heard him rightly, that in the future it would be possible that the Philippine Islands could produce as much sugar as Cuba—1,300,000 tons of sugar. It strikes me that that statement rather confirms the statement that is placed against the name of Colonel Sellers, which I do not agree with.

Mr. WILLIAMS. I would like to ask you a question in regard to a matter you referred to a moment ago and which you have passed by. Is there any attempt on the part of the cane-sugar refineries to sell beyond the Missouri River?

Mr. WILLETT. They do sell beyond the Missouri River, in Kansas City.

Mr. CURTIS. Kansas City is considered a Missouri River point is it not?

Mr. WATSON. I think you are mistaken about what Secretary Taft said.

Mr. WILLIAMS. Wait one minute, please; I am not through with my question.

Do they attempt to enter the market on this side of the Missouri?

Mr. WILLETT. The cane-sugar refiner is limited in this market to the rates of freight to certain points; certain points along the Missouri River he reaches by his freight charges on this end; he reaches there the freight charges on the sugar manufactured in Colorado, Wyoming, and Idaho.

Mr. WILLIAMS. Does he attempt to sell any sugar on the other side of the Missouri River?

Mr. WILLETT. He is open to sell it there; there is no arrangement, in other words.

Mr. WILLIAMS. Would a beet-sugar man attempt to sell any on this side?

Mr. WILLETT. The Michigan beet sugar is sold on this side, of course.

Mr. WILLIAMS. I mean except Michigan, is there any other beet sugar sold this side of the Missouri?

Mr. WILLETT. Except the Michigan beet sugar I have never known any of the beet sugar come this side of the Missouri River.

Mr. WILLIAMS. I want to ask you this question.

The testimony here yesterday was to this effect: Messrs. Willett & Gray, of New York, wrote me under date of January 28 that the cane sugars now have the market this side of the Missouri and the beet-sugar interests the other side to the Pacific.

Mr. WILLETT. That is true in the main.

Mr. WILLIAMS. True in the main?

Mr. WILLETT. Yes, sir.

Mr. WILLIAMS. Not true with perfect accuracy?

Mr. WILLETT. Governed by the trade.

Mr. WILLIAMS. Is there any agreement between those two?

Mr. WILLETT. Not the slightest so far as I know. I am reminded that beet sugars have come to Chicago—

Mr. WILLIAMS. It just so happens that the line which freight rates render possible for sale to one and which freight rates render possible on the other side is the Missouri River, or close to that?

Mr. WILLETT. Yes; that is the idea.

Mr. WILLIAMS. Running from northwest to southeast?

Mr. WILLETT. That is the idea. I think the railroads rather make it so that the beet-sugar producers of Colorado, Idaho, and Wyoming shall have their freight rates equalized with those of the East to find a market.

The CHAIRMAN. If the Hawaiian people run 400,000 tons of refined sugar in San Francisco—and the beet sugar people are now supplying that market substantially—it does not make much difference after that how much more refined sugar comes in there, does it? The whole thing will be gone anyway.

Mr. WILLETT. It has that appearance.

The CHAIRMAN. I do not see any remedy for that excepting to put a tariff on Hawaiian sugar—from your statement.

Mr. WILLETT. It would be a very good thing to do, a very good thing. We have never got any equivalent for the money we have paid over to the Hawaiians so far as I know; I have not been able to see it.

The CHAIRMAN. We have some other territory we haven't got much from.

Mr. WILLETT. But there is the fact of the matter. We have given the Hawaiians free sugar—

The CHAIRMAN. There is no sugar refinery in the Philippines, is there?

Mr. WILLETT. Yes; there is one in Manila.

The CHAIRMAN. Is it in operation?

Mr. WILLETT. Yes, sir, and has been for years. It is only in operation to a certain limited capacity, sufficient for the European population. Europeans like cut loaf sugar, and that refinery makes it.

The CHAIRMAN. You mean the European population in the islands?

Mr. WILLETT. Yes, sir.

The CHAIRMAN. Is there any in China?

Mr. WILLETT. There is a refinery in Hongkong. That takes the sugars from the Philippine Islands and refines them and ships them to San Francisco.

The CHAIRMAN. And is there any refinery in Cuba?

Mr. WILLETT. There are two or three in Cuba.

The CHAIRMAN. Those are small affairs, are they not?

Mr. WILLETT. Yes; making sugar for the local market there. My point is this—

The CHAIRMAN. Mr. Watson wants to ask you a question.

Mr. WATSON. I understood you to say that you understood Secretary Taft to say that the production of the Philippines would eventually equal the production of sugar in Cuba?

Mr. WILLETT. I think he stated that.

Mr. WATSON. I think you misunderstood him. He said it could be brought to that state of cultivation where it would equal per acre in the production of sugar, not in its entirety.

Mr. DALZELL. That is what he said.

Mr. WILLETT. I did not so understand him.

The CHAIRMAN. There is a refinery in San Francisco also, is there not?

Mr. WILLETT. There are several there.

Mr. HILL. What difference does it make whether the sugar is refined in the Hawaiian Islands and brought to San Francisco, or whether the raw sugar is brought from the Hawaiian Islands and refined in San Francisco, so far as competition with the beet-sugar product of the Pacific coast is concerned?

Mr. WILLETT. There is no refining capacity in San Francisco—

Mr. HILL. But to the extent there is; the conditions would not be changed?

Mr. WILLETT. That is done now; but what I say is that the whole product of the Hawaiian Islands is bound to come around to refined sugars within five years.

Mr. HILL. What proportion of it now is shipped from New York and what proportion to San Francisco?

Mr. WILLETT. One hundred and twelve thousand tons is used in San Francisco.

Mr. HILL. Then, so far as the 112,000 tons is concerned, that would not affect the beet-sugar industry of the Pacific coast, whether it was refined one place or another?

Mr. WILLETT. No, sir; the surplus above that is what would have to be taken care of, and with the example of the Hawaiian Islands making refined sugars it would be a very short time before the Philippine Islands would start in making refined sugars themselves, which would find their way into the Pacific coast. Consequently there would be 600,000 tons of sugar to 10,000 tons of sugar coming into the Pacific coast—

The CHAIRMAN. Why would they be more apt to do that than the sugar of Cuba?

Mr. WILLETT. Because they are seeking to increase the product of the Philippine Islands.

The CHAIRMAN. So is Cuba seeking to increase her product.

Mr. WILLETT. Well, Cuba has thought that she could increase her product to a large extent, but she finds difficulty in doing so on account of the labor question. The labor question seems to control quantities to a very large extent in every country.

The CHAIRMAN. But if it is a good thing to refine sugar in the Philippines or in Hawaii, why would it not be a good thing in Cuba?



Mr. WILLETT. They have no coal there; that would make it expensive.

Mr. HILL. They have no coal in the Hawaiian Islands, either, but they are refining, all the same. They bring their coal from Australia.

Mr. WILLETT. They would not be able to refine in the Sandwich Islands if they had to pay a duty.

The CHAIRMAN. Cuba is nearer coal than the Hawaiian Islands.

Mr. WILLETT. The duty offsets to a large extent the expense of manufacture. Then, the Hawaiian Islands get 2 cents a pound for duty; that goes a good way toward refining the sugar.

The CHAIRMAN. Is it not a fact that there is just as large probability in the one as in the other; between the Philippines and Cuba; just as much prospect of refining sugar in one place as in the other and just as little?

Mr. WILLETT. I think there is more prospect in the Philippines than there is in Cuba.

The CHAIRMAN. You do not seem to be able to give a very good reason for your belief.

Mr. WILLETT. Take the example of Hawaii I cited.—

The CHAIRMAN. You said on account of not having coal it would be a disadvantage, but it is a fact that Cuba is nearer coal than the Hawaiian Islands are.

Mr. WILLETT. Cuba is already covered with sugar plantations from beginning to end—

The CHAIRMAN. So that there is no room for a refinery company?

Mr. WILLETT. And it would be an expensive matter changing their machinery to refining sugars.

The CHAIRMAN. Is there anything further, Mr. Willett? Do you desire to make any further statement?

Mr. WILLETT. No, sir.

Mr. TRUMAN G. PALMER, Secretary American Beet Sugar Association. Mr. Chairman, there seems to be a little doubt as to what Secretary Taft said concerning the possibilities of the Philippine Islands. Here is what he said before the Insular Affairs Committee of the House of Representatives, at page 265. [Reading from record:]

Mr. MOODY. Are the islands in respect to soil and climate and labor conditions capable of definite expansion along the line of the production of sugar?

Governor TAFT. Yes, sir.

Mr. MOODY. So that is another place where the sugar of the world can be produced?

Governor TAFT. Yes, sir; I have no doubt that there is enough land there if the sugar was properly cultivated to raise—well, I don't know how much Cuba can raise; but if conditions favor us we are going to be a great sugar producing archipelago, if I can use the editorial "we" in that sense.

Mr. HITT. It is said by experts on the Hawaiian plantations that the Philippines have as good land as the Cuban lands.

Governor TAFT. Yes, sir.

I think that rather clears up that point as to the amount of sugar that can be grown there. He compares it with Cuba.

The CHAIRMAN. You do not distinguish between that statement and the statement he made to-day. Governor Taft brings us to-day the statement of a sugar expert. He does not pretend to have done that before the insular committee two or three years ago.

Mr. Brooks, of Colorado, desires to be heard.

Mr. WILLETT. A further reason why Cuba will not make refined sugar is that the duty on refined sugar is one-eighth of a cent a pound more than it is on raw sugar.

The CHAIRMAN. Do you think that is enough to keep it out?

Mr. WILLETT. It is enough to keep it out; yes.

Mr. WILLIAMS. You say the differential is enough to keep it out?

Mr. WILLETT. Yes, sir.

Mr. WILLIAMS. Our differential here?

Mr. WILLETT. Yes. That is the refiners' profit.

Mr. PALMER. I would like to make this a part of my statement.

Regarding the test of Philippine sugar, I beg to give you herewith statement of importation and test of importations of sugar from the Philippine Islands during 1904:

Number of mats.			Total weight.
I.	II.	III.	
			<i>Pounds.</i>
32,022	32,787	64,954	9,313,280
12,319	23,915	58,198	6,528,000
50,608	7,578	19,060	5,440,000
43,163	22,954	36,376	8,704,000
13,902	27,064	68,252	7,883,600
19,861	39,161	54,588	10,880,000
171,775	103,449	301,418	48,698,880

Grand total, 576,642 mats in 1904 (mat=8,217 pounds).

Test.		
I.	II.	III.
86.88	84.9843	80.91850
88.44687	86.76916	83.61971
88.32415	86.74444	82.53522
88.02890	86.668	82.85169
87.28906	85.78387	82.53116
87.88958	86.22222	82.80109

Mr. GROSVENOR. What does it cost to refine sugar? What does it cost per pound?

Mr. WILLETT. That is a problem.

Mr. GROSVENOR. Then how can you say the differential is more than sufficient?

Mr. WILLETT. I did not say it was more than sufficient.

Mr. GROSVENOR. If you do not know what it costs how can you say it?

Mr. WILLIAMS. He did not say it was as wide as a barn door and as big as a church, but enough.

Mr. WILLETT. Enough; yes.

Mr. GROSVENOR. If you do not know what it is how do you know but what it is as wide as a barn door?

Mr. WILLETT. The Cuban finds it to his advantage certainly to make raw sugars rather than to refine and pay an eighth of a cent more, or else he would do it the other way.

Mr. GROSVENOR. Did he ever do it?

Mr. WILLETT. Not much. He exported a little to Spain, but not much.

The CHAIRMAN. Do you mean to say, posted as you are on this question, that you do not know now much it costs to refine sugar?

Mr. WILLETT. Did you ever meet any one that could tell you?

The CHAIRMAN. Yes; those that thought they could.

Mr. WILLIAMS. It seems to be the only thing about which the refiners do not know anything.

Mr. WILLET. I will tell you the accepted cost in the trade. It is five-eighths of a cent a pound. That is the generally accepted difference in cost between raw and refined sugars. But that, of course, includes all these expenses—brokerage, commissions, barrels, and everything that can be counted in connection with the manufacture of refined sugars. That is as close an estimate as you can probably get at. I would say 5.625 cents a hundred. Whenever the difference is more than 5.625 cents a hundred that is profit to the refiners. That is the way we reason it in the trade.

The CHAIRMAN. Where did you get your market quotation for sugar at Manila on the 31st of December—that was the date?

Mr. WILLET. Yes, sir. 1903?

The CHAIRMAN. A year ago last December.

Mr. WILLET. And 1904; comparing the two quotations, showing the difference in value in the year. The quotation December 31, 1903, was £7 4s. 6d.—

The CHAIRMAN. Please answer my question and then Mr. Hathaway can talk to you. How much a pound?

Mr. WILLET. 1.57 cents a pound.

The CHAIRMAN. In 1903?

Mr. WILLET. Yes, sir.

The CHAIRMAN. And in 1904 how much?

Mr. WILLET. Three cents a pound; 1.43 cents advance.

The CHAIRMAN. All sugars have advanced from 1903 to 1904 in December, have they not?

Mr. WILLET. All sugars have advanced during that time. Cuban raw sugars have advanced 1.68 cents a pound against 1.43 cents in the Philippines, a difference in freight for distance.

The CHAIRMAN. And all sugars have advanced since the 31st of December up to the present time?

Mr. WILLET. Yes, sir.

#### STATEMENT OF HON. FRANKLIN E. BROOKS, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF COLORADO.

Mr. Chairman, I am very sorry that someone who is not practically connected with the beet-sugar industry of Colorado should speak to you, but Mr. Betcher is here and can answer questions. I am unwilling, though, that this hearing should close and our beet-sugar industry should not be represented in some way before the committee. I therefore have taken the opportunity of asking to be heard very briefly indeed on the interests of Colorado and its protest against this bill.

With great deference I followed the honorable Secretary of War, but in the light of his suggestion I think, perhaps, it would be fair for me to say that I approach this matter from the viewpoint of Colorado and that our interests there fill a good deal wider space in our horizon than do Luzon, Mindanao, or Samar, and, again, paraphrasing his own remarks, I doubt if anyone could have been cognizant of the growth of the beet-sugar industry in Colorado in the last five years and not become rather enthusiastic over it, and I am enthusiastic in support of that local home industry.

Now, very frankly I will say that I admit thoroughly the proposition that most of this committee entertain, and it seems to me economically sound that as a general proposition there can be ultimately no permanent tariff wall existing between any part of the United States and any other part of the United States. I admit that frankly at the outset. But I do not think that is the primary question before this committee in determining whether or not this bill shall be favorably reported. It seems to me that while the status of the Philippine Islands is still somewhat indefinite and undetermined and we hold them as not integral parts of the United States, but rather as government possessions for a temporary purpose and with some ultimate disposition other than association with the Union as a part of it, we may well qualify the character of our holdings, and that when we take those islands over we not only have the right, but it seems to me, to some extent at least, we have the duty of protecting our own previously existing enterprises. I do not want to be thought to advocate an unethical system of legislation, but I do not see anything unethical in protecting our own people as compared with those whom we are taking over to beneficently assimilate.

Mr. WILLIAMS. May I ask you a question there?

Mr. BROOKS. Certainly.

Mr. WILLIAMS. Does the gentleman think it is fair, or ethical either, to apply to the Philippine Islands, as if they were domestic, the shipping laws of the United States, which are a burden to them, and not apply the tariff laws, which would be a benefit to them?

Mr. BROOKS. That is getting a little away from the discussion on beet sugar, and my time is very limited.

Mr. WILLIAMS. The gentleman has opened his discussion with a general principle. I ask him whether he thinks it is fair to treat them as domestic for purposes of our uniform shipping laws and not treat them as domestic for the purpose of uniform tariff laws; in other words, if you are going to treat them as foreign so far as tariff laws are concerned, why not treat them as foreign so far as shipping laws are concerned?

Mr. BROOKS. I do not think there is the inconsistency therein that the gentleman speaks of, but I have another appointment at half past 3 o'clock and beg not to go into that at this time. I only wish to speak very briefly, stating the position of Colorado in reference to beet sugar. So, if the gentleman will not insist upon my going into something else—

Mr. WILLIAMS. I never insist upon a question being answered if a gentleman does not want to answer it.

Mr. BROOKS. I do not think there is the inconsistency between what I said and what I believe and the application that the gentleman thinks would naturally follow. All that the Colorado beet-sugar industry asks is that it may have a reasonable time. It is not afraid of outside competition, but it does think it requires and needs some time for its steady and steadfast development.

The beet-sugar industry in Colorado has risen in the last five years so that, according to the figures furnished by the Agricultural Department for 1903, Colorado produced a round third of the beet sugar of the United States.

In 1899 we had but one single sugar factory. Three years before that time an expert from Germany, I think employed by the German

Government, traveled with me from California to Colorado. He had been sent over here in the interest of some of the German beet-sugar growers. He told me at that time didactically that there was not in the United States available land for beet-sugar production to exceed, I think he said, 100,000 acres, and that that land was confined to one part of one county in California, to a little area in New Mexico, and perhaps 5,000 acres in Colorado. Last year Colorado cultivated herself 48,000 acres in sugar beets. We now have nine plants in operation, and, as I say, have cultivated 48,000 acres. We have produced 75,000 tons and paid the farmers of our State \$3,125,000.

Mr. GROSVENOR. Would it disturb you to state when those factories were built?

Mr. BROOKS. No, sir; I will be glad to state it as nearly as I can. The first was in operation in 1899. The number increased by four in 1900. The next year another one went in operation; in 1903 there were three more, and in 1904 there was no increase in the number.

There are now four more organized in the State. One of them is in the course of actual construction and two more are practically in actual construction. So that the figures for the current year may be fairly said to include 12 factories, and the estimated products, carrying out only the ordinary growth from one year to another, will be 178,000,000 pounds, or 89,000 tons of beet sugar produced in Colorado alone next year. We shall pay to the farmers, if we paid as much as we did this year for the beets, \$4,000,000.

Now, it seems to me that that industry, just getting on its feet, just starting, and filling so wide a field in our economic horizon, certainly has a right to demand careful attention from this committee. You probably think of Colorado as a gold and silver State. Last year the beet-sugar production more than equaled the silver, was one-third of the gold production, and was a round sixth of the entire agricultural output of the State. I am not speaking simply for a local interest now, because Colorado is only a type of all those mountain States.

The beet-sugar industry has carved out something new in our economic life, and if you will go with me to the States where the beet-sugar factories are in operation—and I do not mean to speak extravagantly—you will find prosperous, well-developed, and growing communities where a few years ago there was nothing in the wide world but prairie dogs and coyotes. In other words, it is developing the country; it is bringing in new capital; it is giving a new opportunity for diversifying our industries; it is giving the agricultural population something besides potatoes and wheat and stock, and it is in all ways our most important agricultural industry at this time.

We paid out last year—these figures are a little different from the figures that were published, but they are gotten from Denver, because the campaign has just closed, and I think they are correct—

The CHAIRMAN. You mean the sugar campaign?

Mr. BROOKS. Yes; I mean the sugar campaign.

Mr. CURTIS. The other is still on?

Mr. BROOKS. The other campaign closed a good while ago, and very satisfactorily.

The latest data is that the output is 150,000,000 pounds, that our payments to the farmers were three and one-half million dollars, and that we paid in actual labor \$4,000,000, to the railroads a million and a quarter, for fuel \$500,000, and for other supplies \$500,000, and for

new machinery \$500,000. They are figures that are interesting. The beet-sugar industry for the next year would require the employment of 10,000 men in cultivation and 65,000 in allied products, so that the total number of people who would derive at least a portion of their subsistence from the beet-sugar industry alone would be 75,000 people.

The same thing is true as regards Utah, only in a lesser degree. The same thing is true in respect to Idaho, and the same thing is true in regard to Wyoming, and in regard to ten other States and Territories in our country. There is the possibility of the most stupendous development in that country of the beet-sugar industry that is imaginable. We are supplying not only the country up to the Missouri River—the gentleman, I think, was a little in error in his statement in regard to that. Our products go as far east as Des Moines, Iowa, and St. Louis and Minneapolis and St. Paul. Of course they are determined in their eastern limits by the freight rates, the freight that the eastern beet sugar factories in Michigan and New York have to pay; but in general we cover the territory up to the Missouri River going east, and then go over and beyond that somewhat until competition meets us from the other side.

Mr. GROSVENOR. Will you tell us why it is in your judgment that you are prospering in that way and have gone on growing and developing and are going to do what you have assured us you will do in the next year or so, while in Michigan we are told the whole business stands paralyzed, that nobody will invest any money in it and that one or two or more concerns have gone into bankruptcy and all that?

Mr. BROOKS. I will be glad to answer that, because part of it is personal. Some of us have been trying to talk beet sugar to the farmers and some of us have been trying to talk tariff to the farmers, and there has been more than one campaign made in the State on the subject of protection and the people think, have thoroughly believed, that the present tariff act would be maintained, and the local capitalists have believed that and acted upon it.

It is true that our local conditions are very good. I think perhaps nature has been a little more beneficent to us than she has been to Michigan. I think we have the ideal conditions for the successful development of the beet-sugar industry. But I am glad you spoke of that, because there is one thing I had forgotten. There is a very decided menace in this tariff agitation. I happen to know about the plant starting at Lamar. That is one of the largest plants, and I believe, with the exception of one in California, will be the largest beet-sugar plant in the United States and in the world. That company has been organized; it has been backed by the best local experience and capital that there was to be had in that section, and yet it has been four years before they could get the money subscribed and the thing absolutely going.

Now, that is true of a good many other localities and States. I know of not less than five where the local people are trying hard to get eastern capital to come in and start beet-sugar factories, and the first thing we are met with is the danger of some disturbance of tariff relations. Out there we have had hitherto a good deal of confidence in the maintenance and the perpetuity of the present tariff schedules, and the industry has grown and has developed under those conditions, and I think it would be most disastrous to make any change of this kind.

Mr. WILLIAMS. What about Michigan? The gentleman asked you about Michigan.

Mr. GROSVENOR. Let me finish. What does it cost; what do you know as to the estimated cost of sugar?

Mr. BROOKS. I think our sugar costs practically 4 cents.

Mr. GROSVENOR. And your sugar is raised mainly from irrigated lands, is it not?

Mr. BROOKS. Yes; almost entirely.

Mr. GROSVENOR. Almost entirely. Now, is it not a fact that no nonirrigated country can compete with your irrigated country in the particular matter of the production of the sugar beet?

Mr. BROOKS. I thoroughly believe so.

Mr. GROSVENOR. Is it not a fact that you must have heat at the right time; that you must have drought at the right time, and wet at the right time, and you must be in a position to control the water supply?

Mr. BROOKS. I think it is true that the supply of water must be under our control, and I also believe that a high altitude and dry climate, together with the other conditions, produce a combination of successful conditions which can not be duplicated elsewhere. I do not think, however, that the inference can be drawn from that that might be drawn; that is, that we have climatic conditions which would enable us to meet any reduction in tariff.

Mr. WILLIAMS. The General asked you why you had prospered in your State, and everything is promising, and it is not so in Michigan, according to the statements made here.

Mr. BROOKS. Very largely because, I think, we have some natural advantages over any other part of the other States.

Mr. WILLIAMS. This political part of it was going on in Michigan the same as in Colorado?

Mr. BROOKS. Yes; with possibly the same success. The result was very satisfactory.

Mr. WILLIAMS. There is nothing in that which led to disastrous results?

Mr. BROOKS. No; I do not think so.

Mr. CLARK. I want to suggest that the difference between Michigan and Colorado, or one difference at least, is that you fellows in Colorado never have a crop failure because the season is bad, and in Michigan they sometimes do.

A BYSTANDER. In Colorado, though, sometimes they have an early frost. We are more liable to have that on account of our altitude.

Mr. CLARK. Which have the highest per cent of sugar, the beets of Michigan or the beets of Colorado?

Mr. BROOKS. I do not think it is quite proper to get into that discussion because that is a sore spot; but I believe we have a little higher saccharine test than anywhere else in the United States; I believe that is true, is it not, Mr. Bletcher?

Mr. BLETCHER. Yes, sir.

Mr. BROOKS. Our average test is 16 per cent.

Mr. HUMPHREY. In Michigan it is 15.3 per cent. That is the average this year in Michigan—the average for the State.

Mr. BROOKS. The Colorado beet-sugar growers are not asking any 25,000 acres of land in order to support their industry; the beet-sugar growers there own no land whatever; that goes to the farmer. They

own their own land; they supply the companies with sugar, and they get the profits themselves.

Mr. WILLIAMS. They supply the companies with beets, you mean?

Mr. BROOKS. Yes; supply the companies with beets. I have been asked a number of times what time limit I would put on the Colorado beet sugars, as to when they could safely stand a tariff reduction. That question can not be answered, because we can not see into the future far enough; but it certainly should be such reasonable time in comparison with the other great protected industries of the country (and I believe in the system of protection from the ground up) as would enable them to get firmly and thoroughly established. And I trust the gentlemen from the other States will not think I am intruding when I suggest that Pennsylvania gets a part of the profit from the Colorado beet sugar, that Ohio makes all our machinery, and that in making that machinery we use Pennsylvania iron, and we use a good deal of New York capital. In other words, I want to illustrate this proposition: That there is no part of this country which can get along without the other part, and that appeals to me very strongly, if the prosperity of Colorado is as closely bound up in the prosperity of the East as I believe the prosperity of the East is bound up in the prosperity of Colorado.

Mr. WILLIAMS. Are you not trying to convince the jury that each juror has pork in the barrel?

Mr. BROOKS. I think that is a fact.

The CHAIRMAN. Where does the Filipino come in in that?

Mr. BROOKS. As I say, while the interests of the Filipino may appeal to us strongly on the ethical side, they are rather obscured by the interests of my own people I am here trying to represent.

#### STATEMENT OF MR. W. S. HUMPHREY.

Mr. Chairman, there is one statement I would like to make. This is simply explanatory of Judge Taft's statement, and I think the committee got a wrong impression from his statement. I understood Judge Taft to say that the average cost of sugar in the Philippine Islands was \$28 per long ton of 2,240 pounds, or an average cost to the producer of  $1\frac{1}{2}$  cents. When Judge Taft tells you what sugar is laid down in New York for from the Philippine Islands, the cost of laving it down there, he then uses the figures of \$2.54 per hundred pounds, which is the selling price of the producer to the sugar buyer of Iloilo. Then he takes the \$2.54 and to that he adds the tariff and the freight. But you must remember that in the figures of \$2.54, where Judge Taft attempts to show you the cost of sugar in New York, there is 1.29 clear profit to the producer upon the plantation. He has got his cost of 1.25 cents, and when he gets his 2.54 cents in Iloilo he has 1.29 cents profit, or 100 per cent on his investment.

I wish simply to make that statement as a correction to Judge Taft's figures, so that you may clearly have them before you.

Now, the Michigan and Colorado beet-sugar people, whose sugar costs them 4 cents a pound, are very glad when they can get .51 cent per pound.

The gentleman spoke of the magnitude of the Colorado sugar business. I want to say that you can not appreciate, you who have not been in the sugar business, the Michigan sugar factories. If you started on Pennsylvania avenue here, those factories would make a



solid brick building running from the Capitol to Georgetown, covering one side of Pennsylvania avenue continuously with brick buildings from one end of it to the other, for  $5\frac{1}{2}$  miles.

That shows you something about the magnitude of that business there and what these sugar factories mean. Into the construction of each one of those sugar factories has gone over 175,000 pounds of steel and machinery made from iron for which we, every one of us, have paid a protective duty on that protected industry. Each sugar factory is a consumer of steel and iron to the extent of nearly \$275,000, if we take 275,000 pounds as the basis; and the steel and iron alone costing \$275,000 for each factory, with 20 factories in the State of Michigan that have been constructed there, they have paid out for their iron, for which they have paid the protective tariff, in the neighborhood of \$6,000,000. That is the amount that has gone into that industry alone.

Mr. WILLIAMS. If you could take the protective tariff that they have paid on their structural steel out it would be pretty good protection for those that wanted to build factories afterwards, would it not?

Mr. HUMPHREY. If you could take the protective tariff that they have paid on their structural steel out, if the duty is to be taken off sugar, let us have free trade all along the line, and then we will get our raw material at a very cheap price and have no money with which to purchase the material.

Mr. PALMER. The gentlemen presenting this case in favor of the bill have just appeared to-day, and it would seem to me that you might save the committee's time if you would give us, say, forty-eight hours from the time this testimony is all in print, in which to prepare a statement covering the statements made by those gentlemen who have spoken here to-day.

The CHAIRMAN. If any gentleman desires to file a brief with the committee in the next forty-eight hours there is no objection to it.

Mr. PALMER. It will be twenty-eight hours or forty-eight hours, perhaps, before this is in print, and we can not see just what it is before it is printed, and what I wanted to do was to file a reply to the statements made here and have it go in as a part of the hearings.

The CHAIRMAN. The gentleman can file a brief at any time. If, however, you wait too long, of course the committee may take the matter up and consider it before your brief is filed.

Mr. PALMER. I realize that that is true, but I think forty-eight hours would be a fair time.

The CHAIRMAN. I do not think the committee would delay very long on that account. If you desire to file a brief by Tuesday, I do not think there will be any objection to giving you that much time; although the committee does not agree to wait before considering the question.

Mr. WILLIAMS. If it does not hinder the committee going on and attending to their business, I would simply suggest that all gentlemen be given permission to file briefs.

The CHAIRMAN. If there is no objection, then any gentleman can file a statement with the committee.

Mr. PALMER. On or before Tuesday, and such statements will go in as part of the hearings?

The CHAIRMAN. Certainly.

Mr. PALMER. And may I ask when the testimony of to-day will be in print?

The CHAIRMAN. It will be printed as soon as it can be gotten ready for the printer. I should add that those statements which may be filed will be printed, provided they are not too much padded. I do not mean to cast any reflections on any one, but as we have given general leave I, perhaps, should give that notice.

Mr. PALMER. The point with us is that we do not know exactly what we have to reply to until we see it all in print.

The CHAIRMAN. Then, perhaps, Tuesday would be a little too soon. You would get the hearings on Tuesday and could file your brief on Wednesday. I would say, however, that it is unusual to give you this time; you are expected to be able to answer now.

Mr. PALMER. I must say that I have not a head that will carry all that the Secretary of War has said about this question.

The CHAIRMAN. I think you are entirely too modest.

Mr. WILLIAMS. I do not know that he can carry all you have said, either.

Thereupon, at 4.30 o'clock, the committee adjourned.



## BRIEFS FILED WITH THE COMMITTEE.

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COMMITTEE ON WAYS AND MEANS,  
HOUSE OF REPRESENTATIVES,  
*Washington, D. C., February 3, 1905.*

The following briefs or final statements have been filed with the committee pursuant to the permission given by the committee on January 28, 1905, and the same are ordered printed as a part of the record upon this hearing:

### FINAL STATEMENT BY HON. WILLIAM H. TAFT, SECRETARY OF WAR.

WAR DEPARTMENT,  
*Washington, January 31, 1905.*

SIR: I venture to submit to you a summary of the reasons why, in the judgment of this Department, the bill introduced by Mr. Curtis (H. R. 17752) should pass.

First. Whatever ultimately will be done with the Philippine Islands, they are necessarily for the next generation to be a part of the United States, and the people of the United States are trustees in holding the Philippine Islands for the benefit of the people of those islands and are under a sacred obligation to treat the people of the islands as their wards. With this relation between the United States and the islands there is no more reason for a tariff against the introduction of the products of the islands into the United States than there is for a tariff on the products of Alaska, or the Hawaiian Islands, or Porto Rico, or, indeed, of New Mexico and Arizona.

Second. Under the Spanish régime the Philippine Islands were granted a differential of approximately 3 cents a pound on sugar introduced from the Philippines into Spain, an advantage of that amount of duty over the importations of sugar from all the non-Spanish parts of the world.

With respect to tobacco, the Spanish Government maintained a monopoly in the manufacture and sale of tobacco, and took all of its supply from Cuba and the Philippine Islands. Since that time, as I am informed, the Spanish Government has purchased its tobacco where it could find it cheapest, and the Philippine markets have not necessarily been given the benefit of the Spanish patronage. The change of sovereignty, therefore, has taken away from the tobacco growers and manufacturers of the Philippine Islands, and the sugar growers of those islands, the monopoly of the valuable market of

Spain. The United States is under an obligation to make this deficiency good. In addition to this there has been imposed a heavier tax on tobacco and sugar in Japan and in Australia, which has much reduced the opportunities for profitable sale of both products.

Third. The Congress of the United States has enacted a law by which, after the 1st of July, 1906, all merchandise from the Philippine Islands carried to the United States directly or indirectly must come in American bottoms. Unless Congress by its law shall make the markets in the United States peculiarly profitable, and shall take down all tariff obstruction to the passage of merchandise from the Philippines to the United States, this law is a most unjust law. It can not be assumed that Congress in treating the Philippine Islands for purposes of the patronage of American ships as part of the United States, and thus imposing a burden on the commerce of the Philippine Islands, will now deny the corresponding and necessary benefit of free commercial relations.

Fourth. Congress has, for the benefit of the farmers, laborers, and cordage manufacturers of this country, repealed the export tax imposed by the laws of the Philippine Islands on manila hemp exported directly from the islands to the United States, and thus reduced the revenues of the islands, which otherwise would have been raised there during the enforcement of this act, \$1,051,000 at the end of the fiscal year 1904. It should be said that in order to make up the deficit caused by this appropriation of the revenues of the islands for the benefit of American labor and farm and business interests a provision was made by which all duties collected on imports from the Philippine Islands and paid into the Treasury of the United States should be turned over to the treasury of the Philippine Islands, but this was insufficient to meet the drain on the revenues of the Philippines, so that the net loss sustained by the insular revenues on account of the repeal of the export tax on hemp during the three years was \$329,000 at the end of the last fiscal year. Except for the fact that Congress regarded the Philippine Islands as part of the United States and felt justified, because of other benefits which it proposed to extend to those islands, in aiding particular classes of its own citizens in this country, such legislation would be unjust and improper. We are not pressing at this time a bill which shall permit all the products of the Philippine Islands to enter without the payment of any duty whatever. If we were to admit into the United States all products of the Philippine Islands free of duty, the reciprocal obligation on the part of the islands to admit merchandise from the United States free of duty would probably arise, and merchandise from the United States could not be admitted free under the treaty of Paris without extending the same privilege to merchants from Spain until the year 1909, a condition which would too seriously impair the customs revenue of the islands. By 1909, however, we hope to have an internal-revenue tax so adjusted that the loss in customs revenues on goods coming from the United States may be offset by the internal revenue.

Sixth. This House once passed a bill reducing the tariff on sugar and tobacco of the Philippines to 25 per cent. The bill passed without great opposition. There was no particular opposition because a consultation of the statistics showed that there need not be any. It was only after the opposition, which we have now seen has been nursed by paid professional agents, who have circulated unfounded

statements among the trade, and have misled many persons not familiar with the facts, to enter a protest. The minute that these statements are carefully examined the portentous prophecies of enormous stimulated production of sugar and tobacco in the Philippine Islands and a destruction of the tobacco and sugar interests in the United States are seen to be only the product of timorous imaginations and to rest on no credible evidence whatever.

We are, however, now met with the decided opposition to this bill by the representatives of all the sugar and tobacco interests of this country, with the exception of a very important part of the country in the production of sugar—Hawaii and Porto Rico. The argument is that the reduction in the duty effected by this bill will so stimulate the production of sugar and tobacco in the Philippine Islands that the sugar and tobacco markets of this country will be swamped with the Philippine products, prices will be reduced, and the Louisiana cane-sugar interests, the beet-sugar interests, the leaf-tobacco growers, and the cigar makers of the country will all be disastrously affected.

With respect to these claims it is first to be observed that no one, not even an editor of the tobacco and sugar journals (and I can not state the matter any more emphatically) claims that the present production of the Philippine Islands, either in sugar or in tobacco or cigars, would have any appreciable effect if admitted into this market at the prices at which they would be admitted under the new bill. Even the lively imagination of a journalistic advocate of these interests could not rise to the point of claiming that in a market, the demand for which requires the admission of 1,800,000 tons of sugar for the yearly consumption of the people of the United States, the admission at any price of 83,000 tons of sugar, which was last year the production in the Philippine Islands, could affect in the slightest degree the market price of sugar in the markets of the United States. Nor could they claim that the introduction into the United States of the total exports of tobacco filler leaf and smoking tobacco, amounting to 19,000,000 pounds, could have the slightest effect to reduce the price of tobacco on filler leaf and smoking tobacco in the United States, where 164,000,000 pounds of filler leaf are consumed, 600,000,000 pounds of tobacco are produced, and 300,000,000 pounds thereof are exported, or that the introduction into the country of 105,000,000 cigars could influence a market consuming 7,000,000,000 cigars like that of the United States. The whole proposition of the opponents of this bill, therefore, must rest on the conjecture as to what the Philippines would be likely to produce under a reduction of the tariff from 75 per cent of the Dingley rates to 25 per cent of the Dingley rates. Now, let us consider what this reduction means in sugar, and what it means in tobacco.

#### SUGAR.

First. No sugar is now imported into this country from the Philippines. Two or three cargoes were sent as an experiment, but they resulted in a heavy loss to their owners. They were called "cargoes in distress."

Second. This country is now using 2,700,000 tons of sugar, of which 1,200,000 tons from Cuba pays 80 per cent of the Dingley rate of duty, 600,000 tons from other foreign countries pays 100 per cent

of the Dingley rates, and 900,000 tons are raised in Hawaii, Porto Rico, and the United States proper. It follows that as long as the United States' demand creates the need for importation of the supply of 600,000 tons or any part of it from the rest of the world, the price of raw sugar in the markets of the United States will be regulated by the price at which foreign sugars can be sold after paying the full Dingley rates, and that after such foreign importation shall cease the price of raw sugar in the United States will be regulated by the price at which Cuban sugar can be delivered in the United States after paying 80 per cent duty. It follows that no supply to the markets of the United States at any cost and at any duty, however low, from the Philippines, will or can affect the price of raw sugar in the United States until both foreign and Cuban importations cease.

If the price of sugar in the markets of the United States is not affected by Philippine importations, then the domestic producers are not in the slightest degree affected to their prejudice. It follows, therefore, that until the domestic production of sugar and the Philippine importation combined shall increase the supply of the United States by more than 1,800,000 tons the price will not be affected either by the Philippine or the domestic production. As the growth in the United States' demand for sugar from year to year is considerably greater than the increase in domestic production of sugar, it follows necessarily that the Philippine importation into the United States must increase from nothing, as it now is, to 1,800,000 tons to sustain the contention of the opposition.

Third. The only motive which the present bill will furnish for the increase in the present production of sugar in the Philippine Islands so as to lead to an importation from the Philippines into the United States of 1,800,000 tons is the reduction in the duty from 75 per cent of the Dingley tariff on sugar to 25 per cent of that tariff. The 75 per cent tariff on sugar that polarizes even higher than the sugar usually imported from the Philippines is eighty-eight one-hundredths of a cent a pound. Twenty-five per cent of the Dingley rate on same sugar is twenty-nine one-hundredths of a cent. In other words, this bill under discussion proposes a reduction in duty of fifty-nine hundredths of a cent a pound on Philippine sugar. It is then for the opponents of this bill to establish that if Philippine sugar could be laid down in New York fifty-nine one-hundredths of a cent less a pound than now, at least 1,800,000 tons of Philippine sugar would come into this market and displace the foreign and Cuban sugars and stop their importation.

Fourth. This is impossible. For the last four years the importation of Philippine sugars to all countries has not averaged 100,000 tons, and last year it did not exceed 84,000 tons. Willett & Gray, sugar-trade publishers, predict that this year the exportations will reach 140,000 tons, but this is wholly conjectural and probably erroneous, because Mr. Colton, the collector of customs at Iloilo, the sugar port of the islands, says the exportation this year will show a falling off, and probably not exceed 65,000 tons. But 140,000 tons admittedly will have no effect on this market. The greatest amount ever exported from the islands, and that was at a time when sugar was at a much higher price, was 264,000 tons in 1893. The price of sugar in Iloilo to-day is \$3.50 a picul of 137½ pounds (see Governor

Wright's telegram), or 2.54 cents a pound laid down in New York; the freight is 0.24 cent and the insurance is 0.08 cent, or a total of 2.86 cents; add present duty of 0.88 cent makes a total of 3.74 cents.

The proposition of the opponents of the bill is that if this cost of laying down in New York was 3.15 cents, or about 19 per cent less than at present, which would be the effect of the present bill, the importation from the Philippines, which is now nothing, would increase to 1,800,000 tons, and the total production of the islands, which is now less than 100,000 tons, would increase to at least 1,800,000 tons, or 1,700 per cent.

Fifth. This is absurd on the face of it. Much is made of the low cost of producing sugar in the Philippines. The best evidence, that of Señor Luzuriaga, of Negros, a large sugar planter, one of the foremost Filipinos of to-day, a clear-headed business man, testifying in another issue than the one before us, says (see Phil. Com. Report, 1903, vol. 1, pp. 182-184; see appendix hereto) that to-day in the Philippines the immediate outlay in the planting and cutting of cane, the preparing of the sugar, and laying it down at Iloilo is 1.25 cents a pound, this without including anything for depreciation in plant, any profit, any interest on loans, or any rent for the land. Add to this 0.24 cent freight to New York, 0.08 insurance, and 0.88 cent duty, and the cost, without profit or interest or rent or allowance for depreciation of plant, of laying it down in New York, under the present tariff, is 2.45 cents, and yet not a ton comes here, though the price in New York ranges from 3.38 cents to nearly 4 cents a pound. This, of course, shows that reckoning in profit and other charges needed to induce the production and importation, the price at which the sugar can be laid down in New York is in excess of 3.38 cents, and the claim that the cost of production is less than 1 cent is wholly unfounded. Rent must be a substantial element in the cost, because first-class sugar land is worth in the islands from \$20 to \$40 an acre (see evidence as to Friars' lands in Phil. Com. Report, 1903, appendix to civil governor's report; see appendix hereto). Interest on agricultural loans in the Philippines ranges from 20 to 35 per cent annually.

Sixth. The opponents of the bill say that there are 50,000,000 acres in the Philippines available for sugar planting that will at once be turned into sugar land with modern machinery, and that it will produce 5 tons an acre. This is "moonshine." The best evidence shows that good sugar land to-day does not average in five years to exceed 1.2 tons of sugar a year, and that with the best and most expensive machinery and methods the best land would not produce more than Cuban lands produce, or 2½ tons to the acre. The acres under cultivation in the islands to-day do not exceed 200,000, if they reach that figure, and probably never in the history of the islands, under the spur of three times the present price of sugar, have the acres of sugar land ever exceeded 400,000. Sugar is raised at a profit for export in three or four provinces, Occidental Negros, Pampanga, Iloilo, and Cebu. It is raised in all the provinces, as it is everywhere in the Tropics, but merely for local consumption and food. In Occidental Negros a large part of the surface is mountainous and unfitted for sugar, and the south one-third is impenetrable forest, impossible to clear in many years. Pampanga has much swamp land in it unsuitable for sugar. The truth is that hemp, copra, and even rice, are more profitable crops and involve much less outlay than sugar,



even with the proposed improvement under the present bill. Hemp forms 65 per cent of the exports of the islands, and copra is next. It is the height of absurdity to suppose that even free trade in sugar with the United States would mean more than a merely gradual growth in sugar land and sugar production in the Philippines.

Seventh. The most serious limitation upon the production of sugar and its increase is the limited supply of labor and the necessarily rapid increase in the cost of labor if there is any considerable increase in sugar raising. To-day, even with the small crop, sugar planters have to bring to Negros from the distant island of Bohol, from Antique, and from Capiz one-half their labor supply for the cutting season. The increase in the hemp production increased the price of labor in the hemp fields from 50 centavos to 2, 3, 4, 5, and 6 pesos a day for an adult, and if sugar were to double in product as hemp has, we may expect a similar increase in the cost of sugar labor. It needs no argument to show how impossible under such a restriction an increase in production of 500 per cent is, let alone one of 1,700.

Eighth. Much is made of the investment of American capital in sugar and sugar machinery. In the first place, no corporation can take up or hold more than 2,500 acres of land. This is prohibitory, so far as new investment in sugar plantations is concerned, because the sugar cane produced from such a tract would not justify the investment of the amount needed for a modern sugar plant. A plant necessary for the turning out of 15,000 tons of sugar annually costs \$1,000,000. To produce 500,000 tons of sugar in the Philippines there must be an investment of \$33,000,000 in plant alone, and to produce 1,700,000 tons it would require more than \$110,000,000, and this does not include the heavy cost of preparing land for cane, which would certainly be \$15,000,000 more. Is such an investment to be induced by the prospect of a reduction by this bill of the cost of laying sugar down in the American market at 19 per cent less than it can now be laid down there, when now it can only be laid down in New York at a loss?

Ninth. The sugar of the Philippines would never all of it come to the United States. The natural market for sugar is China. The demand for Philippine sugar in that market is growing. China takes in a mass the "sorted" sugars produced in the Philippines, which embrace four grades—one polarizing at 88°, one at 85½°, one at 80°, and the fourth or wet sugar at 70°. When this sugar comes to the United States it must be graded. If any substantial part of the Philippine sugars were diverted to the American market, the Chinese market would have to go elsewhere and at greater cost for its sugar. Hence China would bid against America just as it does to-day, and the market price of sugar at Iloilo for export to China would probably be what it is to-day, to wit (see evidence of Mr. Willett, of Willett & Gray), the New York price less the cost of freight, insurance, and duty. Certainly the crop of the Philippines would then be divided between the United States and China.

#### TOBACCO.

First. No tobacco of any kind is exported commercially from the Philippine Islands to the United States. No tobacco is raised in

the Philippines except leaf adapted either for wrappers or fillers or for smoking tobacco. Six hundred million pounds of tobacco is raised in the United States, of which 300,000,000 is exported. One hundred and sixty-four million pounds of leaf for cigars is consumed in the United States. Not more than 50,000,000 pounds of tobacco is produced in the Philippines, and of this but 19,000,000 pounds is exported. Of these exports a very small amount, say 10 per cent, is wrapper leaf, and the remainder is filler leaf and smoking tobacco. The price for wrapper leaf in Manila per pound is 30 cents. (See Governor Wright's cable.) The duty per pound at 25 per cent of the Dingley rate would be 46 cents, making the cost in New York, without freight or insurance of 76 cents a pound, a price considerably greater than Connecticut wrapper leaf, which is better leaf than the Philippine wrapper leaf. The price for filler leaf in Manila is 10 cents a pound. (See Governor Wright's cable.) The duty per pound at 25 per cent of the Dingley rate would be 8 cents a pound, or the filler tobacco from the Philippines of the best quality would be 18 cents a pound in New York without freight or insurance, a price several cents higher than filler from Ohio or Pennsylvania or other States. In other words, there is not the slightest danger of wrapper or filler tobacco from the Philippines competing with American filler leaf.

Second. The duty on cigars at 25 per cent of the Dingley rate is \$1.1250 a pound and 6½ ad valorem. The "perfecto" cigar made in this country of Sumatra wrapper and Cuban filler by Cuban hand work sells at \$120 a thousand, and of this \$34 is labor. The same cigar made in this country of Sumatra wrapper and Cuban filler by American hand work is worth \$70 a thousand, and the labor is \$17 a thousand. The Philippine "perfecto" laid down in New York is worth about \$46, and the labor is \$6. The Philippine cigar, of course, can not compete with the Cuban cigar and is not in the same class any more than American-made Cuban cigars are in the same class as Cuban-made Cuban cigars. But what is very evident is that by reason of a duty of \$1.12½ a pound on the Philippine cigars and 6½ ad valorem it would be possible for American cigar makers to make cigars out of Philippine tobacco at \$17 a thousand of 17 pounds and undersell cigars of the same material made in Manila, and this is true of all the kinds of cigars, "perfectos," "high life," "panatela," or "londres" likely to be imported from the Philippines into this country.

Third. The Philippines only export 105,000,000 cigars to all countries, whereas America alone manufactures 7,000,000,000 cigars. The suggestion that the export from the Philippines could seriously affect the American market is absurd.

Fourth. The tobacco land of the Philippines for export is confined to Isabela, Cagayan, Ilocos Norte, Ilocos Sur, Abra, and Union. Tobacco raised elsewhere is for local consumption only. The two first named provinces are the important ones. They are sparsely settled, and the labor supply there is very poor. The culture of tobacco is not in the hands of large landowners, but of small farmers, whose care of the plants is not what it should be. (See Governor Gonzaga's report of the tobacco industry.) There is very little hope of great expansion by increase of price, because of lack of labor. The prophecy that coolie labor will be introduced from China is wholly

unfounded. The policy of exclusion of the Chinese from the Philippines is the policy of the United States Government, of the Philippine government, and most important of all, of the Philippine people.

For the considerations above stated I earnestly urge this honorable committee to report favorably the bill under discussion, reducing the duty on sugar and tobacco to 25 per cent of the Dingley tariff. I sincerely hope that the committee will not be led, in a spirit of compromise, to a reduction to merely 50 per cent of the Dingley rates. I am confident that a 50 per cent rate would not do the islands the slightest good or result in any appreciable importation of either tobacco or sugar into this market. At one time I hoped it might, but our experience with a reduction of 25 per cent satisfies me that I was mistaken. The only possible good that a 50 per cent rate would do would be to show how ridiculous are the claims of the beet sugar and tobacco men who have appeared before you as opponents of this bill, and thus to lead you slowly on to tardy justice to the Philippine Islands.

I hope, moreover, that the committee will not be led to hesitate to vote right on this bill and on the showing made here because of a fear or belief that it may not pass the House or Senate for shortness of time. I plead for justice for the Philippines before this leading committee of the House of Representatives and ask a decision on the merits of this bill without regard to the future fate of this particular bill, because your just judgment will be of the greatest weight in every one of the future discussions of the issues presented, to which I propose, as long as through official channels I may properly do so, to invite the continued attention of Congress.

I inclose herewith, first, a letter from Colonel Edwards, of the Insular Bureau, pointing out the record of the Hawaiian development of sugar production and showing thereby how little danger there is of the development prophesied of the Philippines; second, a statement of Colonel Colton, the collector of customs of Iloilo, summarizing and supplementing his oral evidence and including special information requested by Mr. Williams, of the committee; third, a statement by Mr. Determan summarizing his oral evidence and supplementing his written statement already filed.

Very sincerely, yours,

WM. H. TAFT,  
*Secretary of War.*

HON. SERENO E. PAYNE,  
*Chairman Committee on Ways and Means,  
House of Representatives.*

Inclosures.

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WAR DEPARTMENT,  
BUREAU OF INSULAR AFFAIRS,  
*Washington, January 31, 1905.*

SIR: Referring to the testimony of Mr. Willett, of Willett & Grey, before the Ways and Means Committee on Saturday last, I have heard from a reliable source that the contracts that the sugar refiners

or trusts had made with the Hawaiian planters for the supply of raw sugar at the time Mr. Willett was giving his testimony had been renewed and signed for the next three years, which would preclude the alleged probability of those plantations furnishing anything but raw sugar.

Furthermore, I am informed that this information of the renewal of the contracts has been published, and is a matter of public information in the Hawaiian Islands and in the United States.

Notwithstanding the fact that Willett & Gray are claimed to be the statistical experts on production and consumption of sugar and all that relates thereto, the official figures state that the production of sugar during the last year was 367,000 short tons; testimony stated, as I recollect, 400,000 tons were sent to the United States, which, according to the standard of his publications, would indicate long tons.

While I have not the recorded testimony of Mr. Willett upon which to base my statement, my impression was while present at the hearing that he took much license with the remarks of the Secretary of War's previous testimony and drew entirely illogical conclusions from the same.

Under cross-examination by members of the committee Mr. Willett confirmed the statement of Colonel Colton to the effect that the Iloilo price of sugar was the New York price minus the freight and insurance, and also that China was the natural market for the Philippines, as was the United States for Cuba.

Your attention is, furthermore, invited to the significant fact that there were no protests during the hearings of the Ways and Means Committee from the Hawaiian sugar interests, interests which certainly, if any of the fears expressed by the other sugar interests were well founded, would be more directly menaced than any other domestic sugar interests. The Government statistics of exportations of sugar from Hawaii are as follows:

Calendar year—	Tons.	Calendar year—	Tons.
1875 .....	11, 197	1890 .....	115, 977
1876 .....	11, 195	1891 .....	122, 761
1877 .....	11, 418	1892 .....	119, 034
1878 .....	17, 158	1893 .....	147, 689
1879 .....	21, 884	1894 .....	136, 913
1880 .....	28, 386	1895 .....	131, 600
1881 .....	41, 870	1896 .....	198, 022
1882 .....	50, 972	1897 .....	232, 213
1883 .....	50, 941	1898 .....	198, 644
1884 .....	63, 685	1899 .....	243, 469
1885 .....	76, 495	1900 <sup>a</sup> .....	153, 809
1886 .....	96, 528	1901 <sup>b</sup> .....	308, 430
1887 .....	94, 984	1902 <sup>c</sup> .....	321, 675
1888 .....	105, 307	1903 <sup>c</sup> .....	345, 904
1889 .....	108, 110	1904 <sup>c</sup> .....	328, 791

In other words, it took twenty-five years to bring the sugar production of Hawaii up to its present amount. Again, Hawaii, prior to annexation, had free trade with the United States and the entire cool-labor market of the Orient.

In 1876 the reciprocity treaty with the United States gave to Hawaii the privilege of a free market for her sugar. Prior to that

<sup>a</sup> January to June 14, 1900.

<sup>b</sup> June 14, 1900, to June 30, 1901.

<sup>c</sup> Fiscal years.

date her average production was about 11,000 tons per annum. It took nearly ten years to bring about the investment of \$20,000,000 of American capital and increase the production to 96,000 tons, since 1875. And with these exceptional labor conditions, and since 1875 a free market in the United States, it was fifteen years before Hawaiian production had increased to 300,000 tons. The above figures are from the Bureau of Statistics, Department of Commerce and Labor.

It is true that the reciprocity favors granted by the United States were only for terms of years.

Attention is furthermore invited to the fact, as shown in the consumption tables in evidence before the committee, that the per capita consumption in the United States has increased from 1879 to 1904, respectively, from 38.1 to 71.1 pounds. In other words, under the most favorable conditions in the islands, it is not reasonable to suppose that the increased production could keep pace with the increased annual consumption and demand in the United States.

Very respectfully,

C. R. EDWARDS,

*Colonel, U. S. Army, Chief of Bureau.*

THE SECRETARY OF WAR.

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WAR DEPARTMENT,  
BUREAU OF INSULAR AFFAIRS,  
*Washington, January 31, 1905.*

Hon. SERENO E. PAYNE,  
*Chairman Ways and Means Committee,  
House of Representatives, Washington, D. C.*

SIR: In view of certain questions asked upon my appearance before the Ways and Means Committee in behalf of the Philippine bill on the 27th instant, and regarding which data was not then at hand, I have the honor to submit herewith the following statement:

(1) A commercial statement showing the destination of sugar shipments from the port of Iloilo by "sugar years" (October 1 to September 30), since 1884, which indicates that during the early part of the period in question a very large proportion of the exportations from the Philippines were to the United States, but that such exportations abruptly decreased after 1893 until 1900, when they had practically ceased altogether. In 1903-4 they were revived, when sugar shipments were again made to the United States, entirely upon speculation with reference to a reduction in the tariff, which it was hoped would be accomplished before the cargoes should reach their destination, the Chinese merchants being willing to pay for their market at that time only what the actual market conditions warranted—i. e., the New York value, less freight, insurance, etc., to that port. This statement also shows that Japan has also become a natural market for the Philippine product. This outlet has, however, been temporarily cut off by the war tax which went into effect in April of the present year, since which date no shipments have been made to that country.

In this connection permit me to say that I fully realize the desirability of the closest trade relations between the United States and the Philippine Islands, with a view to extending our markets in the Orient, and to that end the absorption of Philippine products, so far

as that may be possible without interference with our home interests and industries; but when called upon to give my personal opinion before the committee as to the future of the Philippine sugar industry, and particularly in the event of the removal of the tariff upon such sugar into the United States, I deemed it my duty as a Government officer to give you my honest opinions and the best information at my command, based upon a study of the subject during several years' residence on the ground, and I desire to emphasize now the opinion expressed in my former statement, that the natural market for Philippine sugar is China and Japan, and it will be absorbed in those countries at the values fixed by competition. The Chinese buyer is a resident merchant of the Philippines; he is well posted upon the values of the product in which he deals and has the daily New York offers at hand for his guidance. When the Philippine producer appears he (the Chinese merchant) simply bids the highest market price less freight, other expenses of shipment, and the percentage he knows the trade will stand to the country from which the highest offer is received; and the only option the producer has is to sell accordingly, ship on speculation, or hold for an advance.

The shipments from the Philippine Islands to the United States during 1903-4 were such shipments (on speculation), and all resulted disastrously. Fortunately they were made by large holders, who could stand the loss. Had there been any advantage in them the small producer could not possibly have benefited thereby, as shipments to the United States are only made in shipload lots, and could not have been made by the average producer. One of the best-posted opponents of this bill has said that the Philippines stand in the same relation to China that Cuba stands with relation to the United States. It stands to reason that the Cubans will not send their sugar to China if they can satisfactorily dispose of it in their near-by market—the United States. Neither will the Filipinos send their product around either Cape Horn or the Cape of Good Hope upon a voyage of from four to eight months, to meet the requirements of a market where sugar is bought upon polarization and where they by experience have been led to believe they do not get just treatment from their agents and consignees, when they can sell their sugar on the ground for spot cash.

So I say that beyond reasonable doubt the effect of the abolition of the import tax upon Philippine sugar in this country, no matter how much we should like to increase our trade relations with those islands, will result to a large extent merely in the raising of the offers of the resident Chinese buyers to correspond with the necessities of the market conditions brought about by the increased value of Philippine sugars at ports of the United States.

And while these conditions may not be entirely pleasing to us they afford the consolation that the removal of the tariff will not bring the Philippine product into competition with home-grown sugars. This being true, as I firmly believe, why should we not give the best friends we have and have always had in the Philippines all the benefit that lies in our power by completely removing the existing tax against their product?

Believing in the entire truth and consistency of this statement, and knowing that the sugar industry, which has been the support of thousands of the most industrious and loyal inhabitants of the islands

must be wiped out of existence unless relief is speedily given, I most earnestly ask your consideration of this subject.

The commercial statement first above mentioned is hereto appended:

*Commercial statement showing the destination of sugar shipments from Iloilo, by "sugar years," since 1884.*

[Long tons.]

Season.	United States.	China.	Japan.	United Kingdom.	Canada.	Total.
1885	87,207	13,112		9,288		109,607
1886	71,707	9,555		2,255		83,517
1887	67,401	4,257		6,125		77,783
1888	55,959	7,372		3,484	8,050	74,865
1889	84,647	2,920		7,463	14,728	109,758
1890	26,663	13,351		24,302	25,125	89,441
1891	37,152	3,696		14,336	29,670	84,854
1892	45,897	30,085		45,152	2,105	123,239
1893	50,431	12,578	3,125	54,926	16,560	137,620
1894	27,357	6,519	1,250	34,698	15,715	85,539
1895	35,112	8,142	1,834	51,782	12,580	109,450
1896	57,854	18,726	7,618	34,990	4,500	123,688
1897	12,224	46,765	28,173	33,430	7,150	127,742
1898	27,997	52,509	29,754	42,711		152,971
1899	22,073	22,744	8,114	13,459		66,390
1900	2,000	23,126	14,256			39,382
1901	5,100	15,960	20,372			41,432
1902	2,550	62,914	11,306	2,234		79,004
1903	31,921	19,259	31,261			82,441
1904	20,893	38,826	13,277	4,350		77,346

(2) The cost of shipping sugar to Hongkong, owing to competition, varies from \$0.75 to \$1.25 per ton, paid by Chinese buyer; and to the United States, paid by shipper, is as follows:

Shipping and export	\$2. 16
Interest	. 75
Marine insurance	. 25
Freight, 25 shillings, or, say	6. 25
Total	9. 41

(3) The import tax into the United States at present tariff rates upon assorted Philippine sugar, in 1/8 No. 1, 2/8 No. 2, and 5/8 No. 3, is per ton (75 per cent of the Dingley schedule) \$19.80.

Very respectfully,

GEO. R. COLTON,  
*Collector of Customs, Iloilo, P. I.*

[Supplementary to the statement of George R. Colton, collector of customs, Iloilo.]

In compliance with the request of Mr. Williams to hand in a statement regarding the nationality, occupation, and number of the members of the Iloilo Chamber of Commerce and Agriculture, I have the honor to state that that organization was perfected within the last six months by the Filipino governor of Iloilo Province. It has a membership of about 100, the large majority of whom are native Filipinos, interested in the production of sugar. At the time of the organization of this body the old Iloilo Board of Trade was disbanded, and most of its members (about 20), consisting of Ameri-

cans, Britons, and Germans, went into the new organization. The members who came in from the old board are engaged, with a very few exceptions, in the general merchandise, importing, and exporting business at the port of Iloilo. The organization is, however, a distinctively agricultural one, representing especially the interests of the Visayan sugar producers.

In connection with this attention is further invited to the first part of my former statement with reference to this chamber.

Very respectfully,

GEO. R. COLTON,  
*Collector of Customs, Iloilo.*

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*Brief presented to the Ways and Means Committee of the House of Representatives in reference to the Philippine tariff bill and the Philippine tobacco industry.*

WASHINGTON, D. C., January 30, 1905.

The undersigned, in representation of the tobacco growers, manufacturers, and laborers in the Philippine Islands, respectfully asks the chairman and the gentlemen of the committee to consider the following statements before your report on the bill is finally drafted:

That he only arrived in Washington on Saturday the 28th instant just in time to present his memorial with all statistics and details bearing upon the tobacco industry in the Philippine Islands and to answer a few queries directed to him in the matter.

That he has since read the statements made by the opponents to the bill in hearings during last week and finds that thereby the committee have been furnished the most deplorable information about the conditions and possibilities of our industry.

The undersigned can not but classify such misleading assertions as mere guesswork, emanating from the one-sided views of the authors, and stands by his figures and data, which are based on facts gained by a careful and exhaustive study of this industry in the islands. He respectfully urges that his statistics be accepted as absolutely reliable, and wishes to call attention to the fact that they were prepared independently from information received by the War Department in recent cables from Manila. The latter more or less confirm his data.

Special stress is again laid upon the following facts:

Our industry is small and not capable of any expansion beyond the limit mentioned in the above-mentioned memorial. There is no additional suitable tobacco land to grow a marketable kind of leaf, and there is a decided lack of agricultural labor. We can not, under the most favorable circumstances, send more than 150,000,000 cigars per annum to the mother country, and this only after a number of years will have passed. Until then the annual exportation of our cigars to the United States, in case of free trade, would not exceed 50,000,000 to 100,000,000. One hundred and fifty millions mean 2 per cent of the number of cigars yearly consumed in the United States.

Our cigars are not to be cheap, but will be paid the price which they are considered worth by the smoking public in the United States.



The benefit of the eventual rise in their value will go to the planter and the laborer. Ninety-five per cent of the entire tobacco cultivation in the Philippine Islands are in the hands of the individual Filipino farmers.

We have no Chinese coolie labor, otherwise our hemp industry would not pay several dollars per day wages and still be in want of sufficient hands to prepare the fiber for the market.

We raise 50,000,000 to 60,000,000 pounds of tobacco, of which more than 30,000,000 pounds must remain in the islands for domestic consumption. Of the remainder there may be about 12,000,000 pounds fit for cigars, if the season is a favorable one.

The passage of the Frye shipping bill and the introduction of the internal-revenue law in the Philippine Islands are illogical without allowing the islands to trade with the United States, and the Filipinos feel the grievous injustice done to them.

We have made every effort of selling our cigars in the United States, but without result.

A reduction of 50 per cent on the Dingley tariff would not bring us a step further toward the proposed end, for the duty would be still prohibitive.

We, undersigned, assure the committee that with a reduction of only 50 per cent no Manila cigars could be sold in the United States, and consequently no revenue be raised, as intended by the passage of the original act of Congress of March 8, 1902.

If free trade can not be granted to our products, nothing less than 75 per cent reduction will be of any benefit to the tobacco industry in the Philippine Islands, which it is assumed is the purpose of the bill now before your committee.

Respectfully submitted.

A. DETERMANN, of Manila, P. I.

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[From Fourth Annual Report of the Philippine Commission, 1903.]

*Testimony taken at Malacñan Palace February 16, 1903, relative to the value of lands owned by the religious orders.*

Governor TAFT. Is all this land rice land?

Señor VILLEGAS. No, sir; other crops are grown, such as sugar.

Governor TAFT. How much ought first-class sugar land to produce?

Señor VILLEGAS. From 25 to 30 pilons of sugar to a hectare.

Governor TAFT. How much does second-class sugar land produce?

Señor VILLEGAS. From 16 to 20 pilons.

Archbishop GUIDI. Explain to me why you have valued rice land above sugar-cane land, when it is known that the latter gives a more valuable product.

Señor VILLEGAS. It is because they are higher lands than those of palay.

Archbishop GUIDI. Is it not true that the sugar-cane land gives a greater profit than rice land?

Señor VILLEGAS. No, sir; rice lands give a more valuable crop than sugar.

Governor TAFT. Are the expenses of cultivating sugar greater than the expenses of cultivating rice?

Señor VILLEGAS. Yes, sir.

Governor TAFT. How do they differ; how much?

Señor VILLEGAS. It is slight, but the difference consists in the using of machinery with sugar cane.

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TESTIMONY OF SEÑOR JOSÉ LUZURIAGA, MEMBER OF PHILIPPINE COMMISSION.

Governor TAFT. Señor Luzuriaga, you are a member of the Philippine Commission?

Señor LUZURIAGA. Yes, sir.

Governor TAFT. You are a citizen of the province of Occidental Negros?

Señor LUZURIAGA. Yes, sir; of Bacolod, the capital.

Governor TAFT. You have lived in Occidental Negros, as I understand it, all your life?

Señor LUZURIAGA. Yes, sir.

Governor TAFT. Do you own land in Negros?

Señor LUZURIAGA. Yes, sir; I am the owner of three estates which are devoted principally to the cultivation of sugar cane and also rice.

Governor TAFT. Are you familiar with the prices of sugar land per hectare in Occidental Negros?

Señor LUZURIAGA. Yes, sir; I can testify on that matter.

Governor TAFT. How far from the sugar market is land in Negros?

Señor LUZURIAGA. The local markets for the sugar grown on the estates in Occidental Negros are situated on the coast of that province. They are Silay, Saravia, Bacolod, Talisay, San Enrique, Bago, and Pontevedra, and, on the southern coast, Ilog, all of which are maritime ports; but from these local markets the sugar is shipped to the central market, which is situated in the town of Iloilo.

Governor TAFT. Is it the habit of the vessels which carry the sugar to beach—come right up on the shore—and take the sugar from the estate directly to Iloilo?

Señor LUZURIAGA. In some cases the lorchas are able to come right up to the estate, but as a general rule the sugar is shipped from the coast itself, where the boats come right up to the coast and are loaded there and take the sugar to Iloilo.

Governor TAFT. How much is the ordinary gross product from a hectare of first-class sugar land?

Señor LUZURIAGA. That depends on the class of lands. Sugar lands are classified into first, second, and third class lands. The product of first-class lands—that is, of the superior lands—is 80 piculs per hectare. But it must be borne in mind that that is the product of a good year. It will not produce that in ordinary years.

Governor TAFT. I would like to ask you generally as to the classification of land. Do they classify land according to the production in the good years, when the conditions are all favorable, or according to the average through favorable and unfavorable years?

Señor LUZURIAGA. As a general rule the classification is made on the basis of five years. It is calculated that in those five years one crop will be an extraordinarily good crop, two years will be ordinary crops, and two years bad crops.

Governor TAFT. When you say first-class land will produce 80 piculs a year, do you mean in a good year?

Señor LUZURIAGA. Yes; I mean in a good year. The two years of average crops would produce about 60 piculs of sugar, and the two bad years I calculate would produce about 25 piculs; that is, on an average.

Archbishop GUIDI. Is it the custom to renew the seeding of the sugar cane every year?

Señor LUZURIAGA. In my estates I have always been accustomed to do so, but in certain parts of Negros, around Isabela, for instance, they do not renew the stalks for three years.

Archbishop GUIDI. Is this land not worth a great deal more?

Señor LUZURIAGA. It was owing to the fact that it was not so expensive to cultivate.

Governor TAFT. How much is sugar land worth to-day that produces 80 piculs in a good year?

Señor LUZURIAGA. That also depends on the quality of the sugar. There are four classes of sugar raised in the island of Negros—first, second, and third class, and the common or ordinary. At the present time they are getting an extraordinarily good price for the sugar. No. 1 sugar is worth in Iloilo as much as \$6 a picul. There is a difference of 3 reals between No. 1 and No. 2 sugar, and from No. 2 to No. 3 of 2 reals.

Archbishop GUIDI. I understood you to say that this was an abnormal price paid this year, but from my understanding of the matter, which I have based upon a reading of the newspapers, the reduction of the Dingley tariff will have such an effect on the Philippines with regard to sugar culture that the price of sugar will go still higher.

Señor LUZURIAGA. The opening of the United States market is only one factor in the situation. The price is governed more by supply and demand; it depends altogether on the production of beet sugar in the United States and other places, and the production of cane sugar in Java, Cuba, and other countries.

Archbishop GUIDI. The sugar planters of the Philippines would have this advantage, that they could export their sugar to the United States market without paying any duties, and it would undoubtedly have the effect of raising the value of sugar land in the Philippines.

Governor TAFT. I want to speed the day when sugar can go from these islands into the United States, but the difficulty is that Congress has adjourned without passing such a law, and the reduction of 25 per cent on the Dingley law has made no appreciable difference. The prospect of further reducing the Dingley tariff 50 per cent, so the merchants informed me the other day, had the effect of increasing the price of sugar, but with the failure to reduce the tariff the price of sugar, I presume, has fallen.

Archbishop GUIDI. But the fact that Congress has not denied that reduction in the tariff, but simply postponed action upon it, gives me to understand that there is a probability that Congress will in the future grant this reduction. At any rate, it is more reasonable to believe that the reduction will be granted than that it will not be granted.

Governor TAFT. I sincerely concur in that. I believe that Congress will do it at the next session. I shall be very much disap-

pointed if it does not reduce the duties on sugar and tobacco from the Philippines. But this is a little aside from the discussion. I wanted to get at the price of land in the Philippines at the present high price of sugar.

Archbishop GUIDI. The point I wish to make is this: Señor Luzuriaga has said that this was an abnormal and extraordinary price for sugar this year. This extraordinary and abnormal price will in the future be an ordinary price.

Governor TAFT. What is the difference between the price of sugar in Negros and the price in Iloilo?

Señor LUZURIAGA. Fifty cents.

Governor TAFT. So that the price is \$5.50 a picul on the land where it is produced?

Señor LUZURIAGA. That was the price in the months of January and February, but now it has lowered a little. At present we can get only \$4.60 for No. 1 sugar on the hacienda.

Governor TAFT. Let us take it in round figures, \$5 a picul in Negros. Would that mean that a hectare would produce 400 pesos a hectare value of the gross product?

Señor LUZURIAGA. Yes, sir.

Governor TAFT. What is that land which makes a gross product of 400 pesos a year in good years worth, as land is sold in Negros, per hectare?

Señor LUZURIAGA. Owing to a very special condition of things down there, that land which produces 400 pesos a year per hectare is to-day worth not one-half of that sum. That is due to the special circumstances down there and the lack of money. It simply involves the principle of supply and demand.

Governor TAFT. Do you know whether there is any greater lack of money in Cavite than in Negros?

Señor LUZURIAGA. I understand there is a great scarcity of money in Cavite Province, so much so that I have been given to understand that one half of the inhabitants there are engaged in robbing the other half. The lack of money is very much felt in Occidental Negros, and it has had this effect on sugar cultivation, that one-fifth of the land is now devoted to sugar culture that has been devoted two years before.

Archbishop GUIDI. I take it that the present conditions that prevail in the islands are altogether abnormal, and I do not think we can base any argument on these abnormal conditions, because there may be a change any day. Perhaps to-morrow things may regulate themselves, and it is impossible to make any calculations on such an abnormal situation.

Señor LUZURIAGA. The trouble is that we have been living under these abnormal conditions four or five years and we are within them yet.

Governor TAFT. What, as a rule, is the price of first-class land in Negros to-day, per hectare?

Señor LUZURIAGA. As a rule, from 100 to 150 Mexican pesos per hectare for first-class land.

Archbishop GUIDI. If these are the prices paid in these abnormal times, what was the land worth during normal times?

Señor LUZURIAGA. About 100 pesos.

Archbishop GUIDI. Do you refer to the land here? Several witnesses have testified that the land was worth 200 pesos.

Señor LUZURIAGA. My remarks applied to the island of Negros. I know a great many estates that are now advertised for sale in Negros. They are simply given away almost.

Governor TAFT. Are there some sold there? Do you judge from the prices actually brought?

Señor LUZURIAGA. Yes, sir.

Governor TAFT. Is your estimate based on that?

Señor LUZURIAGA. Yes, sir; you can search the records down there and find my statements to be based on sales actually made.

Governor TAFT. And I understand that for the purposes of growing sugar Negros is just as convenient to the sugar market as Cavite—or is that so?

Señor LUZURIAGA. Yes, sir; that is true with regard to the markets, and I doubt whether there are any lands in Cavite that are as fertile and as good for sugar cultivation as in Negros.

Governor TAFT. How is it with reference to Pampanga?

Señor LUZURIAGA. In Pampanga there are no lands that are equal in fertility or in productivity to those in Negros. I have seen some of the land in Pampanga.

Governor TAFT. Is Iloilo as convenient to Negros as Manila to Pampanga?

Señor LUZURIAGA. Yes, sir; the market of Iloilo is only about three hours away.

Governor TAFT. Is the expense of raising sugar, in proportion to the value of the product, greater or less than that of raising rice?

Señor LUZURIAGA. Proportionately, the expense of cultivating sugar cane is much greater than cultivating palay.

Governor TAFT. What is the comparative expense of the two?

Señor LUZURIAGA. In good times in Negros we could produce 1 picul of sugar at an expense of 3 pesos, Mexican. Now the expenses are very much greater, owing to the fact that the locusts have appeared down there, the cattle have all died, and the cultivation has to be done entirely by hand. The price of labor has also risen.

Governor TAFT. What do you calculate it is now?

Señor LUZURIAGA. All expenses could be covered, I think, approximately, by 4 pesos; that is, including all expense of placing it in the market.

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#### *Brief on behalf of the Michigan beet-sugar manufacturers.*

Secretary Taft, in presenting the question in favor of the reduction of the present Dingley rates of Philippine products, in defining his position in reference thereto, makes the following statement:

We are here to save the sugar planters and to help them back to that condition in which they were before 1898 and under the Spanish régime, where they enjoyed a differential of 3 cents a pound on sugar imported into Spain over all the non-Spanish world, an advantage now wholly denied them."

We have no doubt the committee were impressed as we were with the force and ability with which the honorable Secretary presented the case in support of the proposed bill in favor of the Philippine sugar planters.

It is unfortunate for the sugar interests of the United States that no member of the Cabinet feels that he can lend the weight and influence of his high official position in defense of those interests.

We must rest our cause with the committee on a simple presentation of the facts as brought out at the hearing, and must respectfully ask of you a patient and careful consideration of those facts and the effect they disclose this measure would have upon the interests of the farmers, farm laborers, and sugar manufacturers in the United States.

It has been suggested during the hearing before the committee that, as the Philippine Islands are a part of the United States, it would be as inconsistent for the United States Government to impose tariff duties on articles coming from those islands into New York as it would be to impose such duties on articles going from the State of Ohio to the State of Pennsylvania.

We beg to differ with this contention, and will briefly refer the committee to the reasons why the bill under consideration should not be approached from any such standpoint.

1. The Supreme Court of the United States, in the Porto Rican cases, decided that the duty imposed by this Government on Porto Rican products coming into this country under similar tariff act to that now regulating importations from the Philippines was constitutional.

No such decision would or could be made by that court with respect to duties imposed on articles going from the State of Ohio into the State of Pennsylvania or on commerce between States or Territories within the borders of the United States.

2. All the custom and internal-revenue taxes collected in the Philippines, amounting during the past year to over \$10,500,000, was paid into the Philippine treasury for the purposes of its government, and not one dollar thus collected remains in the Treasury of the United States for use in the United States. (See January 24 proceedings, p. 8.)

No State or Territory within the boundaries of the United States was ever thus favored.

3. All of the present tariff duties collected upon articles imported from the Philippines being transferred from the United States Treasury into the Philippine treasury for the support of the Philippine government become in effect an export duty for the benefit of the Philippine government, and to this extent exempts the Filipinos from direct taxation in support of their own government.

No State or Territory within the boundaries of the United States was ever thus favored by this Government.

4. The present Administration, speaking through the Secretary of War, in the proceedings before this committee on January 28, announces as its policy that the Philippine Islands are not to be retained by the United States Government for a longer period of time than may be necessary to fit them for self-government, and they are then to be turned loose, so to speak, as an independent and foreign government.

No State or Territory within the boundaries of the United States has ever been thus treated. When some of the States within our borders claimed they had a right to thus separate themselves from the jurisdiction of the United States and form a separate foreign govern-

ment of their own, it precipitated one of the bloodiest wars known to modern history, and the principle was established by the highest human tribunal, the resort to arms, that no part of the territory of the United States had a right to secede or withdraw itself from the Union of States.

We think we have a right to assume that the committee will approach this subject from an entirely different standpoint.

In the consideration of this subject we hope and expect this committee, or at least the Republican members of the same, will view the question from the standpoint of Republican principles—that is, the principles of protecting the American laborers and the producers of wealth within the United States from the competition of the underpaid, poorly fed, and poorly clothed laborer of tropical countries. And to this end, in considering this measure, will give due weight to such of the evidence as assists them in arriving at a question of what amount of protection is necessary adequately to protect the American sugar interests as against the Filipino laborers and sugar producers.

LABOR COST PER DAY IN SUGAR PRODUCTION IN THE UNITED STATES AND PHILIPPINES.

The beet-sugar industry pays for its labor in the field from \$1.50 to \$2.50 per day, and even more than that in the factory. (See January 24 hearing, p. 5.)

The Louisiana sugar industry pays for its labor in the field about \$1 per day during the grinding season, the teamsters and loaders getting from \$1.25 to \$1.75 per day. (See January 26 hearing, p. 11.)

It may be taken for granted that the average price for labor in the sugar industry in the United States is at least \$1.50 per day. The Philippine sugar industry pays the following scale of wages: Common laborers in the factory, 50 cents to \$1.25 per week and three 5-cent meals per day. Sugar makers (only two in each factory), 50 cents to \$1 per day. Field labor, 20 cents and two 5-cent meals a day. (See January 27 hearings, p. 10.)

It may be taken for granted that the average price for labor in the sugar industry in the Philippine Islands, as stated by Secretary Taft in January 28 hearing, is 20 cents per day and two 5-cent meals, or an equivalent of 30 cents per day.

LABOR COST PER 100 POUNDS SUGAR IN PHILIPPINES AND UNITED STATES.

The highest cost of sugar made in the Philippines is that given by Secretary Taft (see proceedings of January 28), in which he gives the cost as \$28 per ton of 2,240 pounds, or \$1.25 per 100 pounds. This equals the cost of four and one-sixth days' labor at 30 cents per day.

The cost of producing beet sugar in the United States is \$4 per 100 pounds (see January 23 hearing, p. 6; January 28 hearing, p. 28; January 24 hearing, p. 42; January 28 hearing, p. —, Colorado cost \$4), equaling two and two-thirds days' labor at \$1.50 per day.

The above cost figures, both Philippine and beet sugars, are based upon the labor cost alone and are exclusive in each case of interest upon investment, depreciation of plant, etc.

If the beet-sugar producer could obtain his labor at the same cost as the Philippine producer—viz, 30 cents per day, each 100 pounds

of sugar taking two and two-thirds days to produce—it would cost 80 cents as against \$1.25 in the Philippines.

The committee must, however, bear in mind the fact that sugar produced in the United States from beets is refined granulated sugar, while the sugar produced in the Philippines is a low-grade raw sugar. For a complete comparison the charge for refining should be added to the cost of sugar in the Philippines, which charge is approximately 60 cents per 100 pounds, thus making the labor cost of Philippine granulated sugar \$1.85 as against 80 cents for Michigan and Colorado refined sugar based upon the Philippine wage scale of 30 cents per day.

This proves that the beet-sugar area of the United States can compete with the Philippines in the production of sugar if the labor conditions are equalized between the two countries by an adequate protective tariff, which we estimate should be at least \$1.75 per 100 pounds for granulated sugar, the present rate being three-fourths of the Dingley tariff rate of \$1.95 per 100 pounds.

The proponents of this measure make the following claims: The cost of sugar in the Philippines, \$1.25 per 100 pounds (see Secretary Taft's proceedings, January 28); interisland freight to port of shipment,  $12\frac{1}{2}$  cents per  $137\frac{1}{2}$  pounds, equal to 9 cents per 1,000 pounds (see Colonel Edwards's statement, January 27 hearing, p. 11); freight rate and insurance from Iloilo to New York, \$6.80 per long ton, equal to 30 cents per 100 pounds (see Colonel Edwards's statement, January 27 hearing, p. 12); average rate of duty under proposed law, 31.8 cents per 100 pounds (see Colonel Edwards's statement, January 27 hearing, p. 7).

This makes the total cost of Philippine sugar, duty paid, delivered in New York, \$1.958 per 100 pounds. If to this we add the usually accepted cost of refining, viz, 60 cents per 100 pounds, we have the cost of this as refined sugar f. o. b. New York \$2.558 per 100 pounds.

We believe Secretary Taft has placed the first cost of sugar in the Philippines full higher than the burden of proof in the case would warrant.

Before the Senate Philippine Committee (pp. 364–365) the agent of the interior department of the Philippines testified that the cost of making sugar in the islands is  $62\frac{1}{2}$  cents per 100 pounds. An agent of the United States Agricultural Department (see January 24 hearings, p. 21) shows that the average cost on 7 sugar plantations was 74.4 cents per 100 pounds. It is a well-known fact that in Cuba, where the labor cost is from two to two and one-half times as great as in the Philippines, the cost of making 96 per cent sugar is less than \$1 per 100 pounds. It is therefore reasonable to suppose that with modern methods and machinery and the Philippine wage scale the low-grade raw sugar of the Philippines can be produced at less than 75 cents per 100 pounds. If this is true, the cost of refined sugar made from Philippine raws will be about \$2 per 100 pounds f. o. b. New York.

The beet-sugar makers of the United States pay the farmer from \$2.33 to \$2.50 per 100 pounds for the sugar which they extract from the beets. This is the price paid for the beets delivered in the shed before the beets go into the factory. To this must be added the entire cost of manufacturing, making the cost of the finished product \$4 per 100 pounds. (See January 24 hearings, pp. 40–52.)



One need be neither a prophet nor a philosopher to see how such competition will eventually destroy the domestic sugar industry in the United States.

#### BEET-SUGAR FACTORY AGAINST PHILIPPINE SUGAR FACTORY.

Considerable stress seems to have been laid by the committee upon the fact that in the cost of \$1.25 per 100 pounds for Philippine sugar no allowance is made for interest upon the investment or depreciation of plant.

The same items have been omitted from the \$4 per 100 pounds cost of beet sugar.

There is, however, this difference: A beet-sugar factory costs from \$600,000 to \$1,000,000, depending upon its size and capacity, while, on the other hand, the complete cost of a Philippine sugar factory in many instances does not exceed \$1,500. (See testimony of Brig. Gen. Robert P. Hughes before Senate Committee on the Philippines, under date February 26, 1902, pp. 534-535.)

It also appears from the report of the War Department on the commerce of the Philippine Islands, of date November, 1901, at page 419—

That the large sugar estates of Luzon and Negros possess nothing but the most antiquated machinery; yet even with these sugar is grown to advantage and marketed at a profit.

#### DANGERS TO UNITED STATES SUGAR PRODUCERS THROUGH PROPOSED TARIFF LEGISLATION.

Secretary Taft assures the committee that there is no danger to the United States sugar producers through this legislation. He also gives a very graphic description of the sugar business and labor conditions in the Philippines.

The sugar producers opposing this measure are not alarmed so long as present conditions and present methods of sugar production in the Philippines obtain. We fear that the enactment of the law under consideration still further reducing the Dingley tariff on sugar 84.1 cent per 100 pounds, and not one-third of a cent, as Secretary Taft stated to the committee on January 28, will make the sugar industry in the Philippines so attractive that it will induce outside capitalists to enter that field with modern methods and modern machinery and so increase the production of sugar and decrease its cost that its sale in the United States will destroy the domestic beet and cane sugar industry.

The same argument advanced by Secretary Taft was urged in favor of the reduction of duty on sugar coming from Cuba, and we were assured during the consideration of that treaty that no great increase in Cuba's sugar crop would follow the 20 per cent reduction in the tariff on exports from Cuba.

By reference to table in January 27 proceedings, page 7, it appears that Cuban sugar importations into the United States increased from 440,000 tons in 1902, when the treaty was under consideration, to 1,232,045 tons in 1904, but two years thereafter. This increase was largely brought about by the investment of foreign capital, and the adoption of modern methods and machinery. Investments now being made in plantations and sugar houses in Cuba warrant the belief that within three years, at most, that island will supply all

the surplus sugar that we require in the United States in excess of our domestic production from cane and beets.

We know of no way to judge the future but by the past. We fear that the history of sugar production in Cuba will repeat itself in the Philippine Islands if this bill becomes a law, and that the present wage scale in the beet and cane sugar industry in the United States can not be maintained against such competition.

It seems perfectly plain that this is the exact condition that Secretary Taft is desirous of bringing about in the Philippine Islands. He said in his examination before the Senate Philippine Committee, page 173:

Senator BURROWS. Aside from railroads, what advantages would franchises be in the development of the islands—I mean in other lines of industry?

Secretary TAFT. A franchise to an agricultural company—I know of a number—accompanied by a right to purchase something of the public domain would bring a great deal of capital to the islands, if we can judge from the statements made to us by those who are interested.

Senator BURROWS. For what purpose?

Secretary TAFT. For the raising of sugar, etc.

In answer to a question by Senator Culbertson during same hearing (see p. 252), inquiring whether Secretary Taft did not think it would be better to sell agricultural lands in small bodies to actual settlers, Secretary, then Governor, Taft, said:

I don't think so. Of course we want a homestead law and a preferential sale to actual settlers, but in order to develop the country in agriculture to which the country is best adapted there ought to be large tracts open to purchase which will attract capital. For instance, take the sugar industry. We hope that may be largely developed, but it needs a very heavy investment of capital, and unless it can control large tracts it won't come in.

Again, on same hearing, in answer to a question by Mr. Williams, of Illinois (see p. 274 of the record), inquiring as to what limitations as to quantity of lands that could be purchased he would suggest, Secretary Taft replied:

With reference to the sugar lands, I understand that in Cuba there are plantations of 20,000 acres. The limitation suggested in this bill is 5,000 acres. I think that is too small.

It thus appears that the conditions sought to be brought about by Secretary, then Governor, Taft was at that time the very thing we now fear; that is, capitalists holding large plantations and with modern methods and modern machinery, making large quantities of cheap sugar for export to the United States, the same as Cuba has been doing since the treaty reducing the tariff on her products.

Secretary Taft, on January 28, in this hearing, reiterated his desire to bring about this same result through this legislation.

Governor Taft was not successful in obtaining the legislation then asked for, which was to allow the sale of large tracts of government lands to corporations in the Philippines at government prices. This is the reason, as we gather it, why he is now seeking to bring about the same conditions of inducing large sugar investments in the islands by reducing the tariff on sugar to such an extent as to enable the investors to purchase the higher-priced cultivated lands, now held by private owners, and on which there is no limit to the quantity a single person or corporation can hold, the price of which, as Secretary Taft gave it on Saturday last before this committee, is from \$20 to \$30 per acre.

## LABOR QUESTION IN THE PHILIPPINE ISLANDS.

It is urged as a reason why the passage of this bill will not injure the American sugar industry that there is a scarcity of efficient labor in those islands.

We find in the summary of commerce of the Philippine Islands, Report of the War Department of July, 1901, the following statement:

One of the advantages possessed by the Philippine sugar planter is that he can hire help very cheaply. The average farm hand will work for 10 cents per day and board himself. Native boys may be hired still cheaper. The Chinese coolies overrun the farming sections and they are first-rate laborers, steady, and reliable, working for about 8 cents per day.

It is well known to a member of this committee that in the beet fields of California the most efficient laborers are the Chinese and Japanese. In the contest spoken of during this hearing, when prizes were offered by the San Bernardino Agricultural Society for the best three 10-acre fields of beets, the three prizes, first, second, and third, was each won by Chinamen, the best 10 acres of beets producing some 22 tons to the acre, averaging something like 25 per cent of sugar in the beet,

In the report of Governor Taft, being Philippine Commission Report, November 1, 1902, he attaches a statement from Maj. J. B. Alshire, quartermaster in charge of United States transport service, showing that Philippine labor was more efficient than Chinese; that there was no difficulty in securing an abundance of good labor; that this labor is very efficient; that the Filipino will work nights and Sundays without extra pay; that they can do as much and as hard work as any laborers in the Orient.

Also under the same subject in reports attached to the Philippine Commission report, by Capt. F. H. Grant, Capt. H. W. French, Adam Nedar, army transport service, and others, it is shown that Philippine labor is more efficient than Chinese, and that it is cheaper and better in every way.

With a population of from 8,000,000 to 10,000,000 people, the qualifications as laborers mentioned in these reports, we hardly think this committee would be warranted in assuming that enough labor could not be procured to make the sugar business in the Philippine Islands an attractive proposition to capitalists, even much more so than in Cuba, with its higher-priced labor.

Aside from the statement made by Secretary Taft, the only evidence offered in favor of the pending bill before this committee were certain statements made and tables submitted by Colonel Edwards, of the War Department, which tables we do not dispute, and also the statements made by Colonel Colton, collector of customs at the port of Iloilo.

Colonel Colton's whole argument is based upon the proposition that the passage of this bill will in no way affect the importations of sugar into the United States from the Philippine Islands; that the benefit those who favor this measure expect to receive from its passage is the assistance it will afford them in obtaining a higher price for their sugar in the ports of China and Japan.

Without conceding that the passage of this bill would have such an effect, we respectfully submit to this committee the question as

to whether, in their wisdom, a scheme of this kind for the avowed purpose of bulling a foreign market for the benefit of the Philippine sugar planter, and especially in countries where we are at peace and now striving to build up trade relations, is entirely compatible with the dignity of the American Congress or is within the governmental powers delegated to Congress by the Constitution.

WATTS S. HUMPHREY.

F. R. HATHAWAY.

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*In rebuttal.*

In behalf of the American Cane Growers' Association I am authorized by our board of managers to file this brief in rebuttal of statements made by the honorable the Secretary of War, and others; and, by agreement formally ratified, to submit same as a part of the record of the hearings which were concluded on January 28, 1905.

The honorable Secretary spoke without complete knowledge of the possibilities of agriculture in the islands. He picked out the most unfortunate illustration to enforce his argument against the rapid expansion of the sugar industry in the Philippine Islands. He said that only one section of the island of Negros could ever be put under cane, so that the expansion of the sugar industry on that island would be restricted.

That sort of a song was sung to us when Hawaiian Islands wanted extension of reciprocity in 1887. We were told that all the lands were taken up on the wet side and no cane could grow on the dry side. So the reciprocity treaty was renewed on the ground that 120,000 tons of Hawaiian Island sugar, more or less, could not hurt anybody, and would help the Pacific coast people, who at that time had only one beet-sugar factory (Alvarado, I think) in operation. I well remember how seriously Dr. J. Mott Smith, who represented the islands at our cotton exposition in 1884-85, dwelt upon the fact (?), and how firmly I relied upon his statement, even though I knew he was not a doctor at all, but only a dentist, and that he was a "Knight of the Royal Order of Kalaninuihilapalapa." Now, to-day, the lands on the leeward or dry side of the islands produce 6 tons of sugar to the acre, against only  $3\frac{1}{2}$  to 4 tons on the windward side. What is true of the Hawaiian Islands is true of Negros, and as Negros has an area of over 4,800 square miles—say, 3,000,000 acres—the honorable Secretary has evidently gone wide of the mark where he speaks of the sugar product of the Philippine group not being a menace.

Then take Colonel Edwards's talk. He is certainly above suspicion in every way, yet so little is he familiar with commercial affairs that he submits, through Colonel Colton, a petition from the Iloilo Chamber of Commerce and Agriculture, dated November 26, 1904, which defines the picul as equal to 140 pounds, and then he proceeds to make an argument, in which he says the picul is  $137\frac{1}{2}$  pounds. I do not suppose it makes any difference to a quartermaster and commissary whether we get 140 or  $137\frac{1}{2}$  pounds per picul, but on a cargo of 5,000 tons of sugar the loss in weight would be nearly 2 per cent—say, 200,000 pounds of sugar—which no merchant would regard as

inconsiderable by any means. This evidently grows out of the fact that 100 pounds Spanish nearly equal 102 pounds English. On page 11 you will find a statement that interisland freight is \$12.50 per picul. It should be 12½ cents.

Next appeared Colonel Colton, of whom Colonel Edwards said :

He was drafted into the civil part of the service—became deputy collector of customs for the whole Philippine Islands—some two or three years ago; was transferred as collector of the port of Iloilo, whence 97 per cent of all sugar exported from the islands is shipped, etc.

Now, at last, we had a man before us who, as a former banker and merchant, we could look to for enlightenment. How did he acquit himself? He first stated that the cane was planted every year, as a matter of fact. As an actual fact, the cane planted in the tropics does not arrive at maturity for from fourteen months on. In the Hawaiian Islands, as I stated, 13,000 acres being left to grow from the stubbles, 70,000 acres only of "plant cane" are cut annually out of a total of 150,000 acres devoted to cane. Now, unless Colonel Colton managed to plant cane in fields where it was already not only growing, but approaching maturity, his statement won't hold water.

On page 32 he stated that he knew this fact (?) of his own knowledge, and on page 39 says: "My understanding is that they are 'able to' (not 'do') plant the same field every year." Colonel Colton went to the islands as lieutenant-colonel of the First Nebraska Regiment; evidently he confuses sugar cane with sorghum, which latter is planted on the same ground every year in Kansas.

I am sorry to have to upset his testimony, for I am sure he meant well, but the Ways and Means Committee certainly should not depend upon such statements as those made by him. Through Mr. Williams of Mississippi I asked lieutenant-colonel, now citizen Colton, if he knew the number, nationality, and occupation of the members of the Iloilo Chamber of Commerce and Agriculture. (See p. 33, January 27.) He replied: "Yes, sir." When asked, "Will you hand that in to the stenographer?" he replied: "Yes, sir," but did not say when he would do so. I hope the Committee on Ways and Means will wait until they get the list, for on page 375 of the monthly report of the Bureau of Insular Affairs, published under the seal of the War Department, I find this language: "The sale of cotton goods is almost wholly with the English houses to-day." "The handling of hemp, which is the largest export of these islands, is almost wholly confined to foreign houses." "The American business man in the islands has really, up to this time, done very little to make and influence trade." On the same page the writer intimates that the American merchant (God save the mark) had opportunities "for making quick and large profits out of American soldiers, which had a bad effect upon American methods of doing business."

Unless it can be shown that the man who wrote the above was named Ananias and yet found enough credence with the Insular Bureau to have his statement presented under the seal of the War Department, I think the Committee on Ways and Means ought to go slow on Lieutenant-Colonel Colton's statement. It may have some weight with the War Department, but I don't think it would have any at all with the Department of Agriculture, or with the Department of Commerce and Labor. I offered to file with you the excerpts from the printed reports from the Insular Bureau, but there seemed to be some

objection, so I withdrew the request. I took the liberty of asking the Bureau to send those of 1903 to Mr. Curtis. I hope he has them. Every statement made by me is upon my own knowledge, upon the records of the War Department, or the Treasury Department, upon the data supplied and statements made by Messrs. Willett & Gray, of New York, who appeared before you in the person of Mr. Wallace P. Willett, or confirmed by Dr. William C. Stubbs, for many years the director of our Louisiana Experiment Stations, who visited the Hawaiian Islands three years ago as special agent of our Agricultural Department, and who is known throughout the South as a chemist, an agriculturist, and geologist of no mean standing. Doctor Wiley was out of town, or I have no doubt his vast fund of information could have been drawn upon for your enlightenment.

The gentleman who appeared before you from the Philippines, if you remember, was thought to be far away, and if I had not informed Mr. Hill, of Connecticut, that his name was on the register of the Arlington Hotel, might probably have been relegated to the shades of innocuous desuetude. He was called, and presented a memorial prepared during his voyage to this country, and if the voyage had been longer, I doubt not but that the memorial would have been lengthened out to a greater lineal dimension. Alas! All it had was linear dimension. Breadth and thickness it surely lacked, so far as sugar was concerned.

As to Philippine sugar seeking China for a market, in the year 1903 there was shipped 540,880 piculs to this country and 892,074 piculs to China and Japan, and New York importers tell me that already projects are on foot for building central factories in the islands, and should the concession be given by Congress to the extent of even 50 per cent these projects will mature, much to the detriment of the beet-sugar producers of the West, and later on to the refiners on the Pacific coast. This is obvious, since Japan now seeks her supply in the Mexican market, as the Japanese minister to Mexico declares in clipping attached, marked "Exhibit A."

In confirmation of above and of my statement that the Cuban does not get the full benefit of the 20 per cent concession under the reciprocity treaty, I cite an independent witness, the Sugar Users' Journal, London, January, 1905, clipping attached marked "Exhibit B," and this witness is also in flat contradiction of Secretary Taft's statement on page 11, as follows:

Now I do not think it requires any profound knowledge of economics or prices to know that where the domestic demand exceeds the domestic supply by 1,847,000 tons, the price which will prevail in that market will be determined by the price at which the foreign supply can be sold over the tariff wall. Part of it, of course, comes over the tariff wall at a reduction of 20 per cent. That is the amount produced in Cuba. The rest comes over the tariff wall at 100 per cent. It would seem to any reasonable person that the introduction into this market at any price, at any profit, of 83,000 tons in the face of an importation of 1,847,000 tons would not have an appreciable effect upon the domestic price. That is the conclusion reached by the use of ordinary arithmetic and the knowledge of the rule of three.

I approach my conclusion with the language I first addressed to this committee in 1900, quoted from Lord Tennyson:

Yet I hold thro' all the ages one eternal purpose runs,  
And the thoughts of men are widened with the process of the suns.

Let the Department of Agriculture enlighten you upon the conditions of agriculture in the Philippines. Let the Department of Commerce and Labor enlighten you upon the two subjects which it plainly was organized to explore and define, and then, long before the shipping laws extend to the possessions, long before June, 1906, your committee will be in possession of data which have the virtue of accuracy and the value of authority. "The business of the country is now carried on in a way of which the founders of the Constitution could by no possibility have had any idea." Such was the language of Mr. Roosevelt at the Union League dinner in Philadelphia last night. That any part of it should be carried on by the War Department can only be the idea of a "finisher" of that great charter. Hallam well defines the cause which led to the fall of the early Italian Republics. "They fell," says he, "because they ceased to feel the generous disdain of one man's will, which is to republican government what chastity is to woman—a conservative principle—never to be argued upon nor submitted to the calculations of utility."

Respectfully submitted, for the American Cane Growers' Association.

D. D. COLCOCK  
Secretary and Treasurer.

WASHINGTON, D. C., January 31, 1905.

#### EXHIBIT A.

[From the Mexico (Mexico) Herald.]

*A new sugar market—Japan stands ready to receive Mexico's surplus—Japanese minister says his country must seek a new source, and intimates that Mexico now has the opportunity.*

There promises to be a good market for Mexican sugar in the Empire of Japan.

The Herald recently announced the arrival in this city of a commissioner of the Japanese Government, Mr. Tomasada Asada, a prominent member of the administration of the island of Formosa, for the purpose of studying all questions relating to the production and exportation of sugar of this Republic.

Mr. K. Sougimoura, the Japanese minister to Mexico, when seen by a Herald representative, stated that the visit of the commissioner was directly concerned with the project entertained by the Japanese Government of suggesting to the sugar growers and exporters of Mexico the Japanese market as likely to prove a profitable field for the shipment of the surplus sugar of this country. It is also understood that the Government in question is willing to offer all reasonable encouragement for the opening up of trade relations between the two countries in this commodity.

Japan [said the minister] is a heavy consumer of sugar, the per capita consumption being over 12 pounds. The Japanese Empire produces only about one-tenth of the home needs, and it is now a question of securing the best supply from abroad at the best terms.

The heaviest part of the deficiency is made up with beet sugar from European countries, Germany having in recent years the bulk of the business.

Some of the great cane-producing lands which are much nearer to Japan than Mexico are virtually excluded from the trade for economic reasons of various kinds. Thus Hawaii, which is not much more than half the distance from Japan than Mexico is, does not appeal to our market, inasmuch as, being United States territory and having an open door to the United States and a market that guarantees excellent prices, it naturally turns all its attention to the parent nation.

#### NATIONS ARE FRIENDLY.

The relations between Japan and Mexico have always been of the best, and recently they have been growing in cordiality, so that our country is inclined to look with a most favorable eye on the strengthening of the bonds that would be bound to ensue from a large exportation from this Republic of an important staple such as sugar.

An idea of the value of the market that might be entered by the sugar planters of Mexico may be gained by a consideration of the quantity of the article that is brought in from other lands. The following figures show the value in Mexican money of the sugar imported into Japan in the year 1903:

#### Raw sugar :

Belgium .....	\$465, 111
China .....	1, 032, 245
Dutch Indies .....	9, 548, 290
Germany .....	306, 868
Hongkong .....	589, 468
Philippines .....	2, 864, 288
Other countries .....	11, 356
Total .....	<u>14, 817, 135</u>

#### Refined sugar :

Austria and Hungary .....	2, 488, 706
Belgium .....	14, 663
Germany .....	2, 466, 889
Hongkong .....	950, 282
Philippines .....	22, 013
Russia .....	159, 296
United States .....	27, 519
Other countries .....	19, 538
Total .....	<u>6, 148, 906</u>

It will be seen from this table that Japan took, in the year 1903, almost \$21,000,000 worth of foreign sugar, and it will be seen that the exporting nations cover a wide range. With the increase and fixity of the value of the Mexican dollar there seems to be no valid reason why sugar growers in Mexico should not henceforth do a profitable business with the Japanese Empire.

The figures I have just given show merely the money value of the sugar imported into Japan. They may be supplemented by stating the amount of sugar represented by the figures, and this is readily done by taking some statistics just issued by the minister of finance of Japan. Thus it is declared that for the year 1902, the latest recorded, the average price of imported white sugar was \$12.28, Mexican money, per 100 kin., or slightly over 132 pounds avoirdupois, and that the average value of the imported brown or raw sugar was \$9.67 per 100 kin. These values would seem to be fairly enticing for sugar men of this country.

Nor were these figures in any way exceptional for that particular year, as in no year as far back as 1897 has the white sugar fallen lower than \$12.30 per 100 kin., and in no year since 1898 has the raw fallen under \$7.30. As for the money value of sugar imported previous to 1903, it was in 1902 about \$14,500,000, in 1901 about \$33,500,000, and in 1900 about \$26,600,000. The figures, I believe, will speak for themselves, and they ought to prove interesting reading for those in the Republic of Mexico who are concerned in any large way in the sugar business.



## EXHIBIT B.

A memorandum has been circulated throughout the British West Indies pointing out that the Canadian prices are based on those in New York.

On the price paid Cuba the New York refiner bases his price for all other centrifugal sugar. On the New York prices the Halifax refiner bases his prices for British West Indies sugar. Therefore Halifax is paying for British West Indies sugar a figure much below the parity of beet, even after allowing 10 shillings per ton for rebate on duties. In consequence of the bounty paid by the United States to Cuban sugars New York is no longer a profitable market for the sugar of British West Indies, nor can Canada be, if her prices are based on bounty-fed Cuban sugar, instead of on the price of beet. Under these circumstances it would be well for us to see what the United Kingdom market will do for us next season.

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EBBITT HOUSE,  
Washington, D. C., February 4, 1905.

The COMMITTEE ON WAYS AND MEANS,  
*House of Representatives, Washington, D. C.*

GENTLEMEN: We herewith submit a further statement covering additional reasons as to why, in our judgment, H. R. bill No. 17752, Fifty-eighth Congress, third session, should not be favorably reported by your honorable committee, and we respectfully request that this statement be printed as a part of the hearings on this bill.

Respectfully, yours,

TRUMAN G. PALMER,  
*Secretary American Beet Sugar Association.*

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The American Beet Sugar Association most solemnly protests against reducing the present rate of duty imposed upon sugar coming from the Philippine Islands to the United States, as proposed in H. R. bill No. 17752, now under consideration by your honorable committee.

We are opposed to this measure, first, because its enactment into law would prevent the further development of the home industry and greatly cripple or ruin the present American sugar industry and prevent the production on American farms of the \$140,000,000 worth of sugar which we now annually import; second, because while the production of sugar in the Philippines is shown to be one of the least desirable crops for the Filipino people and has been proven to be one of the most desirable crops that can be produced on American farms, and that to arid America it is worth more as a surplus crop than all other crops combined; third, because it would be a complete violation of the distinct pledges made to the home industry by the dominant party, on the strength of which pledges American citizens have in good faith invested in the home industry some \$40,000,000; fourth, because during the past two years the changed conditions of the sugar world have robbed the measure of all its force as a "relief measure," as it was called when first introduced two years ago; fifth, because it has not been shown to be a measure designed to help the Filipino

people, but to aid the would-be exploiters of the Philippine Islands; sixth, because the evidence before this committee would indicate that the measure would be positively and irretrievably detrimental to the interests of the people whom the supporters of the measure profess to wish to help; seventh, because the enactment into law of this measure would so stimulate the production of sugar in the Philippine Islands as to again upset the equilibrium of the world's sugar production, as it was upset by the European bounties, which caused an overproduction of a million tons a year and temporarily paralyzed the industry in all other portions of the world.

#### COST OF PRODUCTION.

While the evidence presented to this committee favoring the passage of this bill has come from the honorable Secretary of War, who was governor of the Philippine Islands for a period of four years; from Colonel Colton, who has been a Government official in those islands for the past six years, and from Colonel Edwards, who has been Chief of the Bureau of Insular Affairs of the War Department for many years past, we would most respectfully assert that none of these gentlemen has presented to this committee any detailed reliable information as to the actual cost of producing sugar in the Philippine Islands, and hence no evidence to warrant the off-hand statement that the sugar planters of those islands are in need of the aid prayed for in this bill; and furthermore, that the statements made in favor of the bill are at such variance with known facts and with each other as to give the committee no real light on the true situation.

Commissioner Luziaraga is, as we remember, the only Philippine sugar planter quoted by the honorable Secretary of War, and in quoting him the honorable Secretary presents no details whatever as to the cost of production.

Concerning Luziaraga the Secretary says (p. 14) :

Señor Luziaraga has been in the sugar business all his life. He says that it cost some ten years ago 3 pesos per picul outlay, in addition to the interest on loans, in addition to the rent and taxes paid, to raise sugar; that now and for some years past, because of increase in price of labor and loss of carabao, it costs 4 pesos or \$2.

\* \* \* \* \*

(P. 13.) The most reliable evidence that I have been able to find as to the production of sugar is from Señor Luziaraga, whom I have known for years, who is a member of the Philippine Commission and one of the largest sugar planters in Negros, and not only a sugar planter, but a business man and a very wealthy man, and a man who has lived all his life in a sugar atmosphere. I ought to say that this price of land is one that prevails about Manila. He says that in Negros the price is less; that it is from 100 to 150 pesos a hectare, which would be from \$20 to \$30 an acre. He says that in Negros, as elsewhere in the Philippines, it is by no means fair to take the production of a particular year as an evidence of what the regular production of the land will be.

He says that the only fair method of estimating is by the five years. In that five years there is one year of excellent production—the highest mark—and that will be from 80 to 82 piculs a hectare. A picul is 137½ pounds, and if you will calculate it down you will find that that will be about 2 tons to the acre. The average year will produce 60 piculs—that is the expression that he used—60 piculs to the hectare. Then you will have two bad years in the five years when you will only make 25 piculs to the acre, and if you will calculate that you will find that the average is just a little short of a ton to the acre.

If the Secretary quoted his authority correctly, he did not draw a proper deduction when he said, "and if you will calculate that you will find that the average is just a little short of a ton to the acre," as will be seen from the following figures:

	Pounds per hectare.
81 piculs for one year equals .....	11, 137. 5
60 piculs for one year equals .....	8, 250. 0
60 piculs for one year equals .....	8, 250. 0
25 piculs for one year equals .....	3, 437. 5
25 piculs for one year equals .....	3, 437. 5
Total for five years .....	34, 512. 5

Dividing 34,512.5 pounds by 5, we find that the average annual yield is 6,902.5 pounds per hectare, and again dividing this by 2½, the number of acres in a hectare, we get 2,761, being the average number of pounds produced annually per acre, which, instead of being "just a little short of a ton per acre," is 1.23 long tons, or, in round numbers, about a ton and a quarter per acre; and in most lines of business this difference of 23 per cent might easily be the difference between profit and loss.

It would further seem that there is no slight difference between the statement of Luziaraga, as reported by the Secretary of War, and the statement which Luziaraga's nephew, who manages the commissioner's estate, made to a commissioner of our Agricultural Department, who interviewed him on his estate a year ago this past summer. From the report made by this commissioner to the Department of Agriculture, we quote as follows:

#### SUGAR ESTATE OF COMMISSIONER LUZURIAGA AT LUPIT.

Sixty hectares of sugar produce 3,500 piculs and is sold on the ground for \$5.25 Mexican per picul. Produced at an average cost of \$2.10. Rate of exchange not given. Has neither interest nor transportation to pay.

#### *Deductions.*

Cost of sugar \$2.10 Mexican per picul, or \$1.527 Mexican per 100 pounds, or in gold.....	\$0. 694
Selling price of sugar \$5.25 Mexican per picul, or \$3.818 Mexican per 100 pounds, or in gold.....	\$1. 735
Profit per 100 pounds.....	\$1. 041
Per cent of profit on cost of production.....	150
Acreage:	
Sixty hectares, which equals.....	acres..... 150
Total yield 3,500 piculs, or.....	pounds..... 481, 250
Total yield per acre.....	do..... 3, 208
Total profit.....	\$3, 643. 50
Profit per acre.....	\$24. 29

Señor Eusebio Luzuriaga, with whom this interview was had, is the nephew of Commissioner Luzuriaga and manages his sugar estate.

Mr. Eusebio Luzuriaga. Born in 1869 in the municipality of Bacolod, Negros Occidental; during the revolution he was secretary of the treasury of the provisional government of Negros and was a member of the commission to confer with the American authorities in Iloilo and Manila. Speaks English.

Mr. Luzuriaga verified his interview in San Francisco last September. He also was a member of the honorary board of Filipino commissioners to the Louisiana Purchase Exposition.

From the above report it will be seen that Luzuriaga was producing sugar at a cost of 69.4 cents gold per 100 pounds, and this cost price is considerably in excess of the cost given on other Philippine sugar estates.

Referring to the addendum to the annual report of L. Locin Rama, governor of the province of Occidental Negros, the greatest sugar-producing province in the islands, given under date of March 8, 1902, and published in the hearings before the Senate Philippine Committee (p. 1796), we find the following:

[Chapter X.]

In Occidental Negros the average production of sugar is 1,000,000 picos a year. (A "pico" equals 137½ pounds.) The land is very fertile in the plains of the north and the south and in the interior. The sugar-cane seed is of two grades, known as purple and white, respectively. A hectare (2.471 acres) of land requires an outlay of 75 pesos for the planting, cultivation, and treatment of the cane, and produces on the average 75 picos of sugar, 40 picos being the minimum production and 200 the maximum, depending on the nature of the soil. Under the present system experts estimate that there is a loss of 45 per cent in the treatment of the sugar cane. The different grades of sugar are classified as No. 1, No. 2, No. 3, and "marketable," and they vary a great deal, depending on the soil and the conditions. It may be laid down as a general rule that the quality of sugar is in an inverse ratio to the fertility of the soil, so that usually beautiful fields of cane produce sugar of an inferior grade. This rule is not absolute, but has many exceptions. The first three grades of sugar produce 83° to 89° polarization, and are nearly the only ones quoted in the markets of Negros and Iloilo at prices ranging from 3 pesos to 5½ pesos. These prices are nearly always high and constant prior to the grinding season, and low and variable during the harvest time.

It will appear from the above that a farmer engaged in the cultivation of the sugar cane who works with his own capital is never a loser; but one who has to pay high interest on loans seriously risks his property and his credit. Small loans are made at from 20 to 30 per cent; and the Iloilo companies, while they appear to loan at 15 per cent, really make considerable additional profits out of the stipulations which they insert in the contract of loan. These stipulations compel the debtor to sell his crops to his creditor, or through his agency on a commission basis of so much per cent; to order through his agency the goods needed on the estate, also on a commission basis; to transport the sugar in the creditor's boats, etc.

Governor Rama should at least be a reasonably well-posted man on the greatest industry in his province. From his report, as given above, it will be seen that the average sugar production in Occidental Negros is 10,312 pounds per hectare, or 4,173 pounds per acre, nearly double the yield as given to this committee by the Secretary of War.

It will also be observed that the cost of "planting, cultivation, and treatment of the cane," the "treatment" being the milling, is 75 pesos per 10,312 pounds, or 36½ cents gold per 100 pounds, figuring a peso at 50 cents gold, whereas the discount is in reality 220, which makes the cost still less.

Other charges, with which all reports of cost of production in the Philippines are necessarily loaded down, are the present exorbitant interest charges, often running as high as 50 to 60 per cent, and the excessive transportation charges, which it is proposed to reduce by the passage of the bill now pending before Congress, authorizing the Philippine government to guarantee 4 per cent interest on \$30,000,000 worth of railway stocks and bonds.

It is a fair presumption that American corporations operating in the Philippines will not pay 50 and 60 per cent interest.

It will also be observed that Governor Rama states that the loss in extraction is 45 per cent of the sugar in the cane. With modern machinery this extraction will be nearly doubled, as in Cuba and Hawaii, and at less cost than is now required for present extraction, thereby cutting the cost of production about in half.

In considering these figures as to the present cost of producing sugar in the Philippine Islands, it should be borne in mind that the sugar factories of those islands are exceedingly crude affairs, costing from \$1,500 to \$5,000 Mexican.

When Messrs. Atkins, Hawley, Kelly, Mendoza, and Placé were before this committee advocating a 75 per cent reduction on Cuban sugar entering the United States they testified (pp. 15, 18, 29, 51, 57, 66, 76, and 358 of hearings) that the Cuban wage rate for common labor ran from \$23 to \$30 per month, and the testimony further showed that the cost of producing sugar in that island was from 1 cent per pound up. With modern machinery, reasonable interest and transportation charges, fertile soil, and the low wage rate of the Philippines, it would seem fair to estimate the cost of producing sugar at from one-half of 1 cent per pound down, instead of, as in Cuba, from 1 cent per pound up.

#### VIEWPOINT OF THE AMERICAN SUGAR INDUSTRY.

Looking at the matter from the viewpoint of the American sugar industry the question is resolved down to the simple query as to whether or not the home industry is worth protecting or is of any economic value to the people of the United States, and as to whether or not the dominant party means to break every pledge it had made to the home farmers, laborers, and producers of sugar, simply because the honorable Secretary of War has virtually expatriated himself by abandoning his fellow-countrymen and has allied himself with a Malay race which he terms "my people" and frankly states that in urging this iniquitous bill "we are asking for as much as we can get," and "the effect upon the policy of the United States and particular interests in the United States that will be affected, we have very little knowledge of and desire to express no opinion," and who, when asked if he would knowingly advocate a policy which would injure the industries of the United States, expressed doubt as to whether he would or would not, and added, "We do not approach it from the standpoint of those interests, however." (Hearings before Philippine Committee, p. 153.)

In his testimony before this committee the Secretary of War said:

I observed, in reading over the record, that things I have said have been quoted here, and it is pointed out that I am not a safe adviser to look to, because I look at the matter from a Philippine standpoint. I admit that I do.

#### THE REPUBLICAN NATIONAL PLATFORM OF 1896.

When the Republican party came back into power in 1896, it was on a platform one plank of which read as follows:

We condemn the present Administration for not keeping faith with the sugar producers of this country. The Republican party favors such protection as will

lead to the production on American soil of all the sugar which the American people use, and for which they pay other countries more than \$100,000,000 annually.

At that time there were but six small beet-sugar factories in the United States, and they can not be presumed to have wielded much influence with either political party. The people and the statesmen of the country, however, had become aroused to the opportunity for creating another great agricultural industry, and the Republican party placed itself squarely on record as quoted above.

In the November elections it was successful, and the following March assumed control of both the legislative and executive branches of the Government.

In July following, when the present tariff bill was under discussion on the floor of the House, Mr. Dingley, then chairman of this committee, said:

I believe that the time has come when the production of our own sugar from the beet ought to be and can be successfully entered upon, and thus the seventy-five millions—soon to be one hundred millions—sent abroad for the purchase of our sugar ultimately distributed here to our farmers. (Cong. Record, p. 2708.)

And the next ranking member, the present chairman of this committee, said:

We propose to raise beet sugar and cane sugar enough in this country to supply all our 73,000,000 people, who must have the best in the world, and in that way we will take off \$50,000,000 in the course of a few years. \* \* \* We will not disturb our tariff in the next quarter of a century. (Cong. Record, p. 303.)

And Mr. Grosvenor, also a member of this committee then and now, said:

We propose that instead of sending \$125,000,000 a year to the foreign countries of the world, most of which goes to pay labor in the production of sugar, we will make it possible for every pound of sugar that we want to be produced in the United States of America. [Applause.]

The Republican party comes and offers to the agriculturists of this country this magnificent boon. We will protect the industries of the country in all directions from further demoralization; and we ask you to turn aside hundreds of thousands of acres of the splendid lands of all of these States from the production of corn, oats, wheat, potatoes, and cotton, to be put into an already overstocked market, to the production of sugar, and give to the farmers upon the farming lands of the country a better market, with less competition, than they now have. (Cong. Record, p. 240.)

And Mr. Steele, then a member of this committee, said:

With regard to sugar, I predict that if the tariff fixed by this bill is unchanged for a period of ten years, we will at the end of that time be producing not only enough for our own consumption, but as much as we care to export, and at very little additional cost to the consumer. (Cong. Record (Appendix), p. 123.)

These and other arguments appeared logical, and the present tariff bill became a law July 24, 1897.

From that day to this every American industry except sugar and tobacco has been allowed to prosper without danger from Congressional action in regard to the tariff. Not a line of that tariff law has been changed or amended so as to affect any American industry except sugar and tobacco, and all have thrived and developed as never before in the history of the nation.

Relying upon the good faith of the people's public servants, who had broadly invited it, capital at once sought the beet-sugar industry, and from the passage of that bill until 1902 nearly 50 new factories were erected, at a total cost of nearly \$40,000,000, and the past season they made the following record, as per reports made to this association within the past two weeks:

Paid to farmers for beets.....	\$11, 795, 958. 38
Paid for labor.....	3, 838, 300. 38
Paid to railroads for freight "in and out".....	4, 075, 589. 50
Paid for fuel.....	1, 560, 973. 56
Paid for other supplies.....	1, 791, 050. 36
Paid for newly installed machinery.....	910, 518. 20

NOTE.—Statements of a few of the factories where reports have not yet been received are made up from the average of all the others.

The above table shows that the American beet-sugar industry, even during the past year when laboring under the difficulty of a short crop of beets, has turned into the pockets of American farmers, American laborers, and American industries almost \$24,000,000.

#### THE WAR WITH SPAIN.

After the war with Spain no little fear was expressed as to what effect the war policy of the dominant party was to have on the home sugar industry, inasmuch as we had for the first time become possessed of tropical sugar territory, and the Republican party again put itself on record in its 1900 platform as follows:

#### THE REPUBLICAN NATIONAL PLATFORM OF 1900.

We renew our faith in the policy of protection to American labor. In that policy our industries have been established, diversified, and maintained. By protecting the home market competition has been stimulated and production cheapened.

In addition to this, and in order to fully and thoroughly advise its speakers as to what to say on this important subject, the managers of the party devoted four pages of its Campaign Text-Book to the subject of the home sugar industry, from which we quote as follows:

[From the Republican Campaign Text-Book for 1900.]

No subject interests the farmers of the United States more than that of the possibility of their being able to supply the \$100,000,000 worth of sugar which our people consume annually, and some facts which have recently been presented showing the rapid growth in the percentage which beets are now supplying of the world's sugar shows that they are fully justified in their ambition.

The farmers of the country have been encouraged by the Republican party in their ambition to produce the sugar of the country. The experience of other nations and of other parts of the Temperate Zone has shown that sugar can be produced from beets in great quantities and at very small cost and can successfully compete with cane sugar under the most favorable circumstances. Under the stimulus given to the beet-sugar production by Republican legislation, beet-sugar factories sprang up all over the United States, and the production of beet sugar has already reached large proportions and is increasing with wonderful rapidity, as shown by the table on page 258.

The first thought which came to the minds of the farmers when the events following the war for the liberation of Cuba brought under our control certain tropical areas was whether or not the possession or control of tropical territory by the United States would injure or perhaps destroy the opportunities which

they believed they had almost within their grasp for supplying the \$100,000,000 worth of sugar, which the people of the United States annually consume. This fear—if it reached the stage in which it could be called by that name—was answered in the negative by the Republican party when it passed the Porto Rican bill. The Democratic party fought with all its power to prevent the enactment of that measure, which placed a duty upon articles coming into the United States from Porto Rico. That duty was small, but it was an explicit declaration by the Republican party that it proposed to retain the power to fix such tariff as it might deem judicious against the products of cheap tropical labor wherever located and under whatever conditions. In other words, it was a distinct promise to the farmer that he need not fear that the Republican party would permit the cheap labor and cheap sugar of any tropical territory to be brought in in a manner which would destroy the infant industry of beet-sugar production, which the farmers of the United States have, under the fostering care of the Republican party, been building up during the last few years.

If the above statements, iterated and reiterated in thousands of speeches during the campaign, did not constitute a direct, positive, and unequivocal pledge that such legislation as is now proposed by our expatriated Secretary of War would not be enacted, then the English language is a complete failure as a means of thought conveyance.

If the above language did mean what it purported to, then we most respectfully request this committee to stand by the express and explicit pledges made to the people of the United States, to the farmers who raise the beets, to the capitalists who have invested their money in this industry at your invitation and on your pledges of good faith.

And now comes before you the honorable Secretary of War, whom we had supposed belonged to the executive and not the legislative branch of the Government, and while frankly admitting his unfamiliarity with the sugar industry of either this country or of the Philippine Islands, informs you that our fears are chimerical and of the Mulberry Sellers order, and tells this honorable committee that we must "put our houses in order," for free trade with the Philippine Islands is a positive certainty.

These jocular expressions of the Secretary of War should not be allowed to blind a single member of this committee either as to the true sugar possibilities of those islands, the effect which such legislation would have on the home industry, the exploitation object which the Secretary has in view, or to the solemn pledges which have been made to those who on the strength of those pledges have embarked in the home industry.

The present Philippine sugar estates comprise but a few hundred acres at most, and no Filipino planter has raised his voice in behalf of a project to raise the present 2,500-acre limitation of land which can be held by a single corporation. If any new light were needed to elucidate the true inwardness of the Secretary's idea of exploitation, it was furnished by his testimony when he said:

Now, it is said that I am in favor of 25,000 acres instead of 2,500 acres as the area of a plantation, and that is pointed to as the beginning of a policy that is going to sweep the beet-sugar industry and the Louisiana sugar industry out of existence. Of course I am in favor of 25,000 acres instead of 2,500 acres, because—and that is solely in the sugar industry—that is the way to raise sugar profitably; and I think that it comes with a bad grace from a father or a mother or a trustee to pass an act that shall strangle an industry and pass it deliberately and for the purpose.

Mr. WILLIAMS of Mississippi. Do you think an estate as large as that is necessary for the carrying on of that industry?



Secretary TAFT. Yes, sir; I do, with the modern machinery.

Mr. WILLIAMS of Mississippi. They do not have estates as large as that in Louisiana.

Secretary TAFT. They do in Cuba.

As the 2,500-acre limitation act was not retroactive in its effect, and as no poor Filipino planters are or have been clamoring for more than 2,500 acres of land, it should be plain to be seen that it is desired for exploitation by outside capital and not for the benefit of the Filipino people. And inasmuch as the demand for it is made with such warmth, it is a fair conclusion that the necessary labor can be had to operate these lands, else why should it be demanded that the limit be raised?

As will be shown hereafter, a production of  $2\frac{1}{2}$  tons of sugar per acre is a modest estimate for the Philippine Islands, provided an estate is equipped with a modern mill. This would give 62,500 tons of sugar per estate. Nine American-owned estates of the character the Secretary desires to have established in the Philippines would supply the United States with all the sugar we import at full tariff duty, 30 estates would supply all the sugar we import, and 40 such estates would produce all the sugar we consume.

#### DECIDED BY PEOPLE.

In his testimony before this committee the Secretary of War said that "The question of how we are to treat those islands, I presume, was decided at the last election;" and he speaks of "the verdict of the American people" as though the question of free trade with the Philippine Islands was one which had been submitted in due form to the wisdom of all American voters.

Whatever resolution or plank on this subject may have been carried to the national Republican convention at Chicago and voted down, the following plank is the one adopted by that committee. This is what appeared in the Republican platform. This is what the people voted on on this important subject, and it is the sole warrant for intimating that the American people have decided that they desire Philippine sugar and tobacco to enter our ports free of duty or at a reduced rate of duty:

In the Philippines we have suppressed insurrection, established order, and given to life and property a security never known there before. We have organized civil government, made it effective and strong in administration, and have conferred upon the people of those islands the largest civil liberty they have ever enjoyed. By our possession of the Philippines we were enabled to take prompt and effective action in the relief of the legations at Peking and a decisive part in preventing the partition and preserving the integrity of China.

Instead of voting for free trade with any tropical countries producing competitive products, is it not a fact that the voters of the United States voiced the "stand-pat" idea last fall instead, and, further, that when they voted for the "stand-pat" idea they did not vote to "stand pat" on smokestacks and free trade on competitive agricultural products?

We assume that this committee is perfectly familiar with the workings and results of the sugar-bounty system of Europe, whereby, through highly taxing the home consumers of sugar, they were ena-

bled to dump their surplus onto the world's markets at a ruinously low price.

As a result of this nefarious system the sugar industry of the world wherever unprotected was rapidly going into decay, while the European production assumed such proportions that the surplus crop of the world amounted to a million tons.

We countervailed against the European bounties, and thereby saved our home industry, while British and other tropical sugar islands went to decay.

The signing of the Brussels conference agreement abolished those bounties on September 1, 1903, and the world's production and prices have again assumed a normal condition.

Let Congress give to the cheap oriental production of the Philippines the stimulus of a protected market for one-fourth of the world's consumption and it would be equivalent to the European bounty system in all its dire effects on the sugar markets of the world.

Seven and a-half years ago Congress commenced countervailing against the European bounties in order to save the home sugar industry from ruin. Congress is now asked to aid the Philippine Islands to bring about this selfsame ruination. Competing tropical products have always been subjected to customs taxation in order to equalize the cheaper cost of tropical production, especially in the Orient. Now, Congress is not only asked to give a tropical country free access on competing products to a Temperate Zone market, but in addition to give that tropical country the benefit of a fostering protective tariff devised with special reference to discriminating against these cheaply produced sugars of the Tropics.

Never in the history of this country was the intent of a law so perverted as would be the intent of our protective-tariff law should this act be passed and our protective tariff be used to stimulate and protect the production of sugar in the place of all places in the world where the wage rate is the lowest and the cost of production the least.

**PHILIPPINE SUGAR PLANTERS HAVE ALREADY RECEIVED DOUBLE THE RELIEF  
ORIGINALLY ASKED FOR THEM BY SECRETARY TAFT.**

When, some time ago, Secretary Taft asked for this extra 50 per cent reduction, amounting to about 63 cents per 100 pounds, it was coupled with the statement that the present sugar planters of the islands were unable to conduct their business profitably, and that if Congress would grant this reduction it would enable them to cover their losses and to make a small margin of profit in addition. Since that time, through the operations of the agreement of the Brussels conference, the world's price of sugar has advanced to such an extent that the increase in the world's price amounts to more than double the reduction then asked for. To cover this point in detail, we submit herewith a statement from Messrs. Willett & Gray, of New York, given under date of January 30, 1905:

Referring to the increase in the value of Philippine sugars, we find that on December 31, 1903, when the Philippine Commission asked for the reduction in duty. Iloilo sugars, usual assortment, 84 test (the most important grade produced in the islands), were quoted at £7 4s. 6d. per ton, equal to 1.57 cents per pound, f. o. b. Philippines. The same grade is now offered for sale at 44 cents per pound, net cash, delivered New York.

## DUTIES ON PHILIPPINE PRODUCTS.

The duty on 84 test is 1.265 cents; less 25 per cent, 0.316 cent, equals present assessment, 0.949 cent; freight at \$5 per ton and insurance at \$1.80 per ton, together \$6.80 per ton, equals 0.3 cent per pound.

	Cents.
Say,	
Value at New York-----	4. 25
Duty -----	0. 949
Freight and insurance-----	. 30
	<u>1. 25</u>
Leaving present value, f. o. b. Philippines-----	3. 00
Against value December 31, 1903, f. o. b. Philippines-----	1. 57
Increase in value-----	1. 43
Present duty-----	. 95
Increase in value more than whole amount duty-----	<u>. 48</u>
Or say,	
Increase in value-----	1. 43
Reduction in duty asked for—	
Now 1.265 cents, less 25 per cent-----	0. 949
Want 1.265 cents, less 75 per cent-----	. 316
	<u>. 633</u>
Increase in value over amount prayed for, per pound-----	. 797

## POSSIBILITIES OF PHILIPPINE SUGAR EXPANSION.

The following quotations from the utterances of Secretary Taft, Governor Wright, and Felipe Buencamino, formerly secretary of state in Aguinaldo's cabinet, must surely convince this committee that the possibilities of expanding the sugar industry of the Philippine Islands are not to be measured even by the world's present consumption of 10,000,000 tons, which, at 2½ tons per acre (the average in Cuba—see testimony on Cuban reciprocity), would only require the cultivation of 4,000,000 acres.

To supply the entire consumption of the United States, in round numbers 2,500,000 tons, would only require the cultivation of 1,000,000 acres to sugar in the Philippines.

According to Messrs. Willett & Gray, the sugar consumption of the United States for 1904 which paid full duty was less than 600,000 tons. To produce this sugar the Philippine Islands will require the planting of but 240,000 acres, and after this amount shall have been planted it must follow that further Philippine production will seriously affect the domestic price of sugar, if the cheaply produced sugar of the Philippines is to be allowed to come in at a further reduction of duty.

The Philippine crop of last year amounted to 80,000 tons, while the present crop is estimated at 145,000 tons, an increase in production for one year of 80 per cent.

It will readily be seen that even under present tariff laws the Philippines will soon be able to supply all the sugar we import at full tariff rates, and if they do not send it all to our market it will be because they already enjoy better markets in China and Japan, and hence need no further stimulus.

## AREA, OWNERSHIP, AND CHARACTER OF LAND.

Total acreage, 73,345,415; private ownership, 4,940,000; public land, 68,405,415.

[From Taft Philippine Commission Report, January 23, 1901, p. 33.]

The total amount of land in the Philippine Islands is approximately 29,694,500 hectares, or 73,345,415 acres. Of this amount it is estimated that about 2,000,000 hectares, or about 4,940,000 acres, are owned by individuals, leaving in public lands 27,694,500 hectares, or 68,405,415 acres. The land has not been surveyed, and these are merely estimates. Of the public lands there are about twice or three times as much forest land as there is waste land. The land is most fertile and for the most part naturally irrigated. There was a very great demand for this land, but owing to the irregularities, frauds, and delays in the Spanish system, the natives generally abandoned efforts to secure a good title and contented themselves with remaining on the land as simple squatters, subject to eviction by the State. In 1894 the minister for the colonies reported to the Queen of Spain that there were about 200,000 squatters on public lands, but it is thought by employees in the forestry bureau, who have been in a position to know, that there are fully double that number.

MORE ARABLE LAND THAN IN JAPAN, WHICH SUPPORTS 48,000,000 PEOPLE.

[From testimony of Governor Taft in hearings before Senate Philippine Committee, p. 712.]

We have resources, of course, for a very large population, if we compare it either with Japan or Java. The Philippine Islands are a little less in area than the Japanese islands, but I think they have very much more arable land—very much more rich soil.

GOVERNOR TAFT ADMITS PHILIPPINES COULD PRODUCE THE SUGAR OF THE WORLD.

[From Governor Taft's testimony before Insular Committee, p. 205.]

Mr. MOODY. Are the islands in respect to soil and climate and labor conditions capable of indefinite extension along the line of the production of sugar?

Governor TAFT. Yes, sir.

Mr. MOODY. So that it is another place where the sugar of the world can be produced?

Governor TAFT. Yes. I have no doubt that there is enough land there, if the sugar was properly cultivated, to raise—well, I do not know how much Cuba can raise, but if conditions favor us we are going to be a great sugar-producing archipelago, if I can use the word "we" in that editorial sense. \* \* \*

Mr. HITT. It is said by experts on the Hawaiian and Philippine and Cuban lands that the Philippine lands are as good as the Cuban lands.

Governor TAFT. Yes, sir.

WOULD GIVE 25,000,000 ACRES TO AMERICAN CORPORATIONS.

[From testimony of Mr. Buencamino before the Insular Committee, p. 448.]

Mr. WILLIAMS, of Illinois. You are in favor of American corporations holding large tracts of Filipino land?

Mr. BUENCAMINO. As there are 50,000,000 acres of uncultivated land, 25,000,000 could be given to American corporations in order that capital may come into the country, and the remaining 25,000,000 acres could be reserved for Filipino inhabitants as well as Americans.

RICHER LANDS THAN IN HAWAII OR THE UNITED STATES.

Mr. WILLIAMS, of Illinois. Do you state that there are 50,000,000 acres of good agricultural land?

Mr. BUENCAMINO. Yes, sir; and better lands than those of Honolulu or in the United States.

## ACREAGE PRODUCTION EQUAL TO THAT OF HAWAII.

[From testimony of Gen. Luke E. Wright, vice-governor of the Philippine Islands, in hearing before the Committee on the Philippines of the United States Senate, in relation to affairs in the Philippine Islands, Washington, D. C., December 9, 1902.]

Senator DUBOIS. Do you know how much sugar they can produce per acre as compared, we will say, with Hawaii?

General WRIGHT. By the same methods of intensive farming as are used in Hawaii?

Senator DUBOIS. Yes.

General WRIGHT. I should say they would produce as much. I am inclined to think the soil in the Philippines is fully as good, and probably better.

Senator DUBOIS. That is about three times as much as we can produce per acre in Louisiana?

General WRIGHT. I can not speak, of course, from personal knowledge on that subject. I was talking to a gentleman who was examining the island of Negros, which is a sugar-producing island. He came from Hawaii and was familiar with the sugar industry there. He thought that Negros was a better island than any of the Hawaiian Islands, as to soil and everything.

## PHILIPPINE HEMP INDUSTRY.

There is not a quarter on the globe but what can supply the entire world's consumption of sugar, provided that such quarter be favored with tariff legislation.

There is not a place in the world outside of the Philippines which can supply the world with a pound of manila hemp.

Secretary Taft admits that both sugar and hemp can be grown all over the islands, which statement, so far as hemp is concerned, is elsewhere corroborated herein by Mr. H. T. Edwards, chief fiber expert of the Philippine department of agriculture, who says it thrives from 6° to 15° north latitude and from the one hundred and twenty-first to one hundred and twenty-sixth meridian, an area of 300 to 540 miles, and includes all the Philippines but the north end of Luzon. Witnesses favoring the bill admit that the wage rate on sugar plantations is but 20 cents per day and rice, while Secretary Taft admits that hemp workers earn from 2 to 8 pesos (50-cent dollars) per day, or from 4 to 16 times as much as do the laborers on sugar plantations. Secretary Taft admits that "wherever hemp goes everything else moves out." He also admits that "the hemp business, as the tobacco business, is carried on largely by small farmers" in contradistinction to the semislave conditions which elsewhere prevail on tropical sugar estates; and hence it would appear that the stimulation of the hemp industry, and not the sugar industry, would be for the benefit and uplifting of the Filipino people, by creating individual hearthstones, about which they can rear and educate their families.

## LABORERS MAKE \$4 TO \$5 PER DAY.

In his annual report to the Philippine Commission, under date of January 11, 1902, Mr. J. G. Livingston, governor of the province of Sorsogon, says, page 459 of Senate Hearings:

The existing price of hemp in this province is so high that an industrious man earns, if he works well, \$4 to \$5, Mexican, per day.

## HEMP WORKERS MAKE \$4 PER DAY MEXICAN.

[From annual report of Julio Llorente, provincial governor of the province of Samar, under date of January 15, 1903, p. 912, vol. 1, Report of Philippine Commission.]

With these articles, and the much or little rice that there is on hand in the province, it may be assured that there will be no real famine in Samar; and with the prices which hemp has commanded everyone has more or less money, not only enough for living, but even enough to waste. Thus is explained how it is impossible to find here anyone to work; why laborers can not be found except at exorbitant prices. The wage fluctuates between a peso and a half and 2 pesos per day, and the reason is that they earn much more money by working in abaca (hemp). It is calculated that one man will work 2 "arrobas" (50 pounds) per day; and as one-half belongs to the workman and an "arroba" is ordinarily worth \$4 Mexican, the result is that one workman earns \$4 Mexican, per day. So it is that everybody wants to work abaca and no one wants to hire as a servant or as a day laborer. If a person who is willing to work as a servant or laborer can be found it is only at high prices.

As to the growth of hemp exports from the Philippine Islands, we reproduce the following table from the publication of Mr. Edwards, above quoted, running from 1818 to 1900. The figures from 1901 to date are taken from Commerce of the Philippine Islands, June 1901 and 1904.

*Exports of abaca from the Philippine Islands.*

	Tons.
1818	41
1825	276
1840	8,502
1850	8,561
1860	30,388
1870	31,426
1880	50,482
1890	67,864
1900	89,438
1901	109,231
1902	108,265
1903	130,159
1904	129,742

By reference to a chart prepared by Walter H. Hindley & Co., of New York and London, said to be the largest hemp and jute house in the world, and published in the Monthly Summary of Commerce of the Philippine Islands, July, 1901, it will be seen that while the price of jute from 1892 to 1901 has continued practically stationary, notwithstanding the tremendous increase in manila hemp production, the price of manila hemp has materially increased, and there is never any great fluctuation downward in the price of this commodity, which the entire world consumes.

According to the above-mentioned chart of Walter H. Hindley & Co., "the average price for fair current manila hemp for the last ten years has been 12s. 13l. 9d."

## COULD PRODUCE HEMP AT A PROFIT AT ONE-THIRD PRESENT PRICES.

[From testimony of Neal MacLeod before Philippine Commission in Manila—Schurman-Worcester Report, January, 1900, vol. 2, p. 49.]

Q. You state that the wealth of the country would increase fourfold under a good American government. Wherein would that increase of wealth be manifest?—A. In the production of sugar, hemp, tobacco, and coffee. \* \* \*

Q. And you think the price could be lowered?—A. Yes; we could produce hemp in these islands at one-third of what is paid for it in the markets to-day at a profit.

Q. How would you effect that economy in production?—A. By increasing the labor. There are forests of wild hemp that have not been touched.

It will thus be seen that hemp, the finest fiber in the world, can be produced for 25 per cent less than the price the world pays every year for a hundred million dollars worth of jute and other cheaper substitutes, and hence, unlike sugar production, they need never fear overproduction of this valuable product.

#### BEST-PAYING AGRICULTURAL INDUSTRY IN THE PHILIPPINES.

[From testimony of William A. Daland before Schurman-Worcester Commission, January, 1900, vol. 2, p. 171.]

(Mr. Daland is an American, and has lived in the Philippines nearly twenty years.)

Q. Are there not Europeans who have extensive hemp-producing interest here now?—A. There are one or two of them left. There were a number of them (Spaniards), but they have mostly died off.

Q. Do you think there is any future for that sort of thing here?—A. Certainly there is.

Q. What would you think, as a commercial speculation, of a man going into hemp planting extensively?—A. If he has money he will always make money.

\* \* \*

Q. Under what conditions can he get labor at present?—A. The old condition was that the man who cleaned the hemp got half of what it was sold for.

\* \* \*

Q. At the present time what are the best agricultural industries here, from a financial standpoint—sugar, hemp, tobacco, I suppose, are the main things?—A. Hemp.

#### HEMP THE MOST PROFITABLE CROP.

In his testimony before the Philippine Committee, December 9, Gen. Luke E. Wright, vice-governor of the Philippines, was asked (p. 3) :

Now, General, I quite agree with you as to the general policy, that that is the way to do. The chief product of those islands, I suppose, is sugar?

General WRIGHT. No; hemp is the most profitable.

#### HEMP FLOURISHES IN VALLEYS AND ON MOUNTAIN SIDES.

General HUGHES. I can speak for only a very small fraction of the archipelago; but in the hemp country, you understand, the mountain does not interfere with growing hemp. They will grow it on a place where they have to hold on probably in digging up the ground to plant it. It is not a product that requires low ground. They grow it on walls so steep that you can scarcely climb. Though it is steep it is susceptible of cultivation, and it yields a fine crop.

#### SPECIAL ADVANTAGES IN HEMP CULTURE.

[From Monthly Summary of Commerce with the Philippines, June, 1902, p. 1245.]

*Musa textilis* (manila hemp), or abaca, as it is called by the natives, for which the islands have long been noted and which has never been successfully cultivated elsewhere, is the most important export product, one which may be depended upon to furnish a regular annual yield, is practically immune from damage by insects or hurricane, is very seldom affected by drought, and, with the exception of occasional weeding, requires no attention after reaching maturity.

Secretary Taft admits that both sugar and hemp can be grown all over the islands. Witnesses favoring the bill admit that the wage-rate on sugar plantations is but 20 cents per day and rice, while Secretary Taft admits that hemp workers earn from 2 to 8 pesos (50-cent dollars) per day, or from four to sixteen times as much as do the

laborers on sugar plantations. Secretary Taft admits that "wherever hemp goes, everything else moves out." He also admits that "the hemp business, as the tobacco business, is carried on largely by small farmers" in contradistinction to the semislave conditions which elsewhere prevail on tropical sugar estates, and hence it would appear that the stimulation of the hemp industry, and not the sugar industry, would be for the benefit and uplifting of the Filipino people.

The following extract from Farmers' Bulletin No. 12, of the Philippine bureau of agriculture, shows what can be accomplished in the growing of hemp. It will be noted that the hemp expert, Mr. Edwards, who prepared this pamphlet, states that after the hemp plant is 3 years old it requires practically no further cultivation and that it will produce a full crop without replanting for a period of from ten to fifteen years.

[Extract from Farmers' Bulletin No. 12, Philippine bureau of agriculture, Manila, 1904.]

#### ESTIMATED COST AND REVENUES OF AN ABACA PLANTATION.

The following is an estimate of the cost of establishing an abaca plantation. The size of the plantation selected is 250 hectares (approximately 625 acres), which is one-fourth of the amount of land that can be taken up by a corporation in the Philippines under the land law as enacted by the Congress of the United States. Planting 50 hectares a year, it would require five years to put this amount of land under cultivation. With respect to the cost of clearing and cultivating land, and also the yield, there will be considerable variation, depending upon the existing conditions where the plantation is located. This general estimate is prepared from figures obtained from both American and Filipino abaca planters in the islands. It should be stated that practically all labor employed can be paid for in rice, cloth, and other commodities which will give a profit that should considerably more than pay for all incidental expenses that may occur. All accounts in this statement are in Philippines currency.

#### *Estimate of the cost of establishing an abaca plantation.*

##### FIRST YEAR.

Cost of 250 hectares, at \$10 per hectare.....	\$2, 500
Clearing 20 hectares, at \$20 per hectare.....	1, 000
Purchase of 50,000 abaca stools, at \$30 per thousand.....	1, 500
Planting 50 hectares, at \$3 per hectare.....	150
Cultivation of 50 hectares (first year), at \$15 per hectare.....	750
Fencing and roads.....	200
6 carabaos, at \$100 each.....	600
Buildings.....	400
Tools and implements.....	200
Overseer, at \$150 per month.....	1, 800
Incidentals.....	300
Total.....	9, 400

##### SECOND YEAR.

##### Expendable:

Clearing 50 hectares.....	1, 000
Purchase of 50,000 abaca stools.....	1, 500
Planting 50 hectares.....	150
Cultivation of 50 hectares (first year).....	750
Cultivation of 50 hectares (second year).....	500
Fencing and roads.....	200
Overseer.....	1, 800
Interest on investment.....	940
Depreciation on tools, buildings, and animals (20 per cent of cost).....	240
Total.....	7, 080



## THIRD YEAR.

## Expendable:

Clearing 50 hectares	\$1,000
Planting 50 hectares	150
Cultivating 150 hectares	1,500
Fencing and roads	200
Overseer	1,800
Interest on investment	1,648
Depreciation	240

Total ..... 6,538

## Income account:

From 50 hectares, 50 per cent of full crop (full crop from 50 hectares, at 12 piculs per hectare, 600 piculs; one-half paid for cleaning, leaves 300 piculs, at \$22 per picul, \$6,600)	3,300
--	-------

Total debit balance ..... 3,238

## FOURTH YEAR.

## Expendable:

Clearing 50 hectares	1,000
Planting 50 hectares	150
Cultivating 150 hectares	1,500
Fencing and roads	200
Overseer	1,800
Interest on investment	1,971
Depreciation	240

Total ..... 6,861

## Income account:

From 50 hectares, 50 per cent of full crop	\$3,300
From 50 hectares, a full crop	6,600

Total ..... 9,900

Credit balance ..... 3,039

## FIFTH YEAR.

## Expendable:

Clearing 50 hectares	1,000
Planting 50 hectares	150
Cultivating 150 hectares	1,500
Fencing and roads	200
Overseer	1,800
Fixed interest on investment and depreciation charges	2,250

Total ..... 6,900

## Income account:

From 50 hectares, 50 per cent of full crop	\$3,300
From 100 hectares, a full crop	13,200

Total ..... 16,500

Credit balance ..... 9,600

## SIXTH YEAR.

## Expendable:

Cultivating 100 hectares	1,000
Overseer	1,800
Fixed interest and depreciation charges	2,250

Total ..... 5,050

## Income account:

From 50 hectares, 50 per cent of full crop	\$3,300
From 150 hectares, a full crop	19,800

Total ..... 23,100

Credit balance ..... 18,050

## SEVENTH YEAR.

Expendable:	
Cultivating 50 hectares	\$500
Overseer	1,800
Fixed interest and depreciation charges	2,250
Total	4,550
Income account:	
From 50 hectares, 50 per cent of full crop	\$3,300
From 200 hectares, a full crop	26,400
Total	29,700
Credit balance	25,150

## EIGHTH YEAR.

Expendable:	
Overseer	1,800
Fixed interest and depreciation charges	2,250
Total	4,050
Income account:	
From 250 hectares in full bearing	33,000
Credit balance	28,950

NOTE.—After abaca is 3 years old it requires practically no further cultivation. It will produce a full crop without replanting for a period of from ten to fifteen years.

## PROSPECTS OF THE ABACA INDUSTRY IN THE PHILIPPINE ISLANDS.

The future development of the abaca industry will depend chiefly on the position which this fiber continues to hold in the industrial world. There is every indication that the rapid growth of shipping, the more extensive use of binder twine, the successful application of manila rope as a transmission power, together with other minor uses will create an increasing demand for abaca that will equal any increase in production. The superior qualities and intrinsic value of abaca are thoroughly well known in all parts of the world. Its only dangerous competitor at the present time is sisal, which is an inferior fiber.

The opportunities for the extension of the industry are almost unlimited. Improved methods of cultivation will largely increase the production on land already planted, while enormous areas now covered with forest are in every way suitable for abaca. The introduction of fiber-extracting machinery should result not only in a large increase in the quantity of fiber produced, but also in a decided improvement in quality.

## CONCLUSION.

The abaca plantation of the past has been, in general, conducted in anything but a businesslike manner. Antiquated methods, careless management, and waste have been the rule rather than the exception. The planter of the future who, with carefully selected land, good management, and the intelligent use of modern methods and machinery, aims at the production of a superior fiber at a minimum cost has every prospect of ultimate success. With no danger from insects or plant diseases, and but little from unfavorable climatic conditions, abaca is eminently a safe crop. With the present prices and the practically assured future demand it is one of the most profitable branches of agriculture for the Philippine planter.

## FROM THE VIEWPOINT OF THE FILIPINO PEOPLE.

Hence, looking at the question purely from the viewpoint of aiding the Filipino people instead of exploiters who would rob them of their land, enslave them to large corporations and otherwise prey upon them, it would seem that the following conditions and facts should receive the most careful consideration of this committee.

First. The natural tendency of the islands, agriculturally, is to increase hemp production over and above all other crops.

Second. Hemp workers earn more money than those engaged in any other industry, while sugar laborers receive the poorest pay of any workers on the islands.

Third. Hemp is produced solely on small plantations owned by natives, and the expansion of the industry tends to build up an industrious, self-respecting people, while establishing the modern tropical sugar industry in these islands would rob the people of their rightful domain and build up a system of absentee landlordism which has sooner or later wrecked every country wherever it has been engrafted.

Fourth. In the production of hemp the small farmer grows the product and prepares it ready for the market, there being between him and his market no middleman or factory to which he must pay tribute, while with sugar the reverse condition obtains.

Fifth. Except in the northern portion of Luzon, hemp grows all over the islands, both in the valleys and on the hillsides, and hence the natives need not be carted back and forth from one island to the other, which Secretary Taft says is necessary in the production of sugar.

Sixth. At even prices Manila hemp has no competitor, while sugar is sugar throughout the world.

Seventh. The world's production of sugar is fully equal to the consumption, and an extra supply would glut the market, both in the United States and elsewhere, while the world would consume an extra hundred million dollars worth of Manila hemp, if it could but obtain it.

The Secretary of War says he thinks it wrong to erect a tariff wall between this country and the Philippines, as though we were praying to have the tariff wall raised.

Instead of striving to erect a tariff wall against them, that wall which has always stood against them in the past has already been reduced by 25 per cent, and instead of our trying to erect a new wall it is the Secretary who is trying to tear down an old and well-respected wall, which has been recognized by the Republican party ever since that party was organized.

The Secretary of War says:

It is as illogical to erect a tariff wall between the Philippine Islands and this country as it would be to erect it between Ohio and Pennsylvania.

In reply to this judicial statement of a noted jurist, we would respectfully submit that if such be the case, the Supreme Court of the United States must be in error on one end of his statement and the Constitution of the United States on the other, and on these authorities we must rest that portion of our case.

#### IN CONCLUSION.

Since the present tariff bill became a law the peaceful development of no American industries except those of sugar and tobacco have been interfered with or interrupted.

On the contrary, as concerns the home sugar industry and its development by maintaining an unlimited market, the annexation of Hawaii resulted in doubling the sugar crop of those islands, and it all comes into our ports free of duty.

The annexation of Porto Rico has resulted in increasing her sugar output from 35,000 tons to 155,000 tons, all of which enters our markets free of duty.

Reciprocity with Cuba has resulted in increasing the sugar crop of that island from 850,000 tons to 1,200,000 tons, and it comes here at a reduction of 20 per cent.

Our control of the Philippine Islands has resulted in doubling the sugar crop of those islands, and 25 per cent of it already finds a market here, where it gets in at a reduction of 25 per cent, making altogether 1,500,000 tons of sugar per annum, which either comes in free of duty or at a reduction of duty as a result of legislation which has been enacted since the present tariff law was enacted, and during which time not a line of that law as pertaining to any other American industry, except tobacco, has been changed by even the dotting of an "i" or the crossing of a "t."

In all right, justice, and equity, we most earnestly protest against any further reduction of duty on cheaply produced oriental sugar.

All of which is respectfully submitted.

AMERICAN BEET SUGAR ASSOCIATION.  
By TRUMAN G. PALMER, *Secretary*.

*Brief on behalf of Cigar Makers' International Union of America,  
by G. W. Perkins, president.*

WASHINGTON, D. C., February 1, 1905.

*To the honorable the Ways and Means Committee:*

In addition to the brief already in your hands in protest against any reduction on the import duty on cigars from the Philippine Islands we respectfully beg leave to submit the following, to which we earnestly solicit your attention:

Secretary Taft in the testimony submitted to your honorable committee said, in speaking of the fears of the cigar makers as to the effect of this proposed legislation:

There may be some justification for the apprehension of the cigar makers that this measure will injure them. I admit that a perfecto-shaped cigar, for which the cigar makers in this country receive \$34 per thousand for making, is made in the Philippine Islands for \$6 per thousand.

This, according to Secretary Taft, shows a difference of \$28 per thousand in the price of making. He also said this same made cigar was sold for \$100 per thousand here, which a like cigar from the Philippine Islands can be laid down here at a price of \$45 per thousand.

A Mr. Dieterman, representing a firm of Manila manufacturers, said before your committee: "A Philippine cigar maker would make 150 perfecto (Spanish-made style) cigars per day." Let me say, as a practical cigar maker, having made this style of cigars, that it requires a very clever and extraordinarily fast Cuban, Spanish, or American cigar maker to make 150 cigars of this style and grade a day in this country.

He also said: "Many cigar makers are now out of employment in the Philippines."

M. F. Lowenstein, manager for Castle Brothers, Wolf & Sons, of New York, in a letter to Col. C. E. Edwards, Chief of the Bureau of Insular Affairs of the War Department, dated at New York, December 30, 1904 (copy of which letter is herewith submitted), said that many manufacturers in the Philippine Islands are usually behind in their orders, owing to the scarcity of cigar makers.

Thus three facts are demonstrated beyond question: First, the great disparity of wages paid to the cigar makers in the United States and the cigar makers in the Philippines; second, the relative number of cigars made by American and Filipino cigar makers; third, that there is now a scarcity of cigar makers in the Philippines to supply a market for Philippine cigars.

And these statements are made, not by us or our friends who are opposed to the reduction in the tariff on cigars as proposed in the present bill under consideration, but by those who advocate its passage.

It is therefore submitted to your earnest consideration that the contentions of the Cigar Makers' International Union to this provision of the bill are well founded, and it should not pass.

Very respectfully, yours,

G. W. PERKINS,

*President Cigar Makers' International Union of America.*

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WAR DEPARTMENT,  
BUREAU OF INSULAR AFFAIRS,  
*Washington, January 3, 1905.*

MY DEAR MR. WOOD: I inclose to you, as of possible interest, a letter received from Mr. M. F. Lowenstein, manager Castle Brothers, Wolf & Sons, exporters and importers at Manila, on a subject which was the topic of conversation at a recent date between us three.

Very truly, yours,

C. R. EDWARDS.

MR. JAMES WOOD,  
*Vice-President Cigar Makers' Union,  
Keystone Hotel, Washington, D. C.*

---

NEW YORK, *December 30, 1904.*

COL. CLARENCE R. EDWARDS,  
*Chief Bureau of Insular Affairs,  
War Department, Washington, D. C.*

SIR: I note in the press that the Cigar Makers' Union of the United States, fearing the competition of Philippine cigars, is opposed to any further reductions in the duties levied on same. To my mind the importance of this industry of the Philippine Islands is much exaggerated by most people in this country, and on this account it may not be amiss to mention some figures and facts pertaining to Philippine tobacco and cigars which should prove interesting not only to the cigar makers, but to the general public in this country.

I believe it may be safely stated that the bulk of the tobacco produced in the Philippine Islands is consumed right there in the shape of cigars as well as cigarettes. The use of cigarettes, especially on the part of the natives, is enormous, and is certain to increase with the greater prosperity of the islands. It is not generally known that, outside of this home consumption, there is a growing market for Philippine cigars in the Orient, Australasia, and India, as well as in Europe, and the following figures of exports during the fiscal year of 1904 may prove interesting:

	U. S. currency.
Hongkong -----	\$376, 154
China -----	98, 759
Japan -----	17, 569
British East Indies -----	169, 985
Dutch East Indies -----	21, 080
French East Indies -----	7, 871
Other Asia -----	7, 055
Australasia -----	90, 328
Africa -----	10, 934
United Kingdom -----	85, 113
Germany -----	15, 637
France -----	25, 374
Other Europe -----	26, 303
Canada -----	13, 397
Bermuda and Argentina -----	1, 365
Hawaii -----	150
United States -----	1, 795
Total -----	868, 869

It will be seen from the above that the total exports of the Philippine cigars to the United States, including Hawaii, amounted to only \$1,945, whereas Canada bought to the extent of \$13,397, and the United Kingdom \$85,113, or about forty-four times as much as the United States—to which the Philippine Islands must look for their development and prosperity.

Owing to the great development which is now taking place in China, it is safe to predict that the exports to that country and Hongkong as well are certain of a speedy increase. Although Philippine cigars get the benefit of a reduction of 25 per cent in this country, the reduced duty is practically prohibited, as Exhibit A will show.

Thus a cigar which costs in Manila \$30 United States currency per 1,000 would cost delivered New York, after deducting the 25 per cent above referred to, \$108.62. It does not require an extensive argument to prove that this makes business impossible. Does it seem fair to these islands to exclude their products after we have applied to them our navigation laws, the coastwise shipping law, the immigration law, and the Chinese exclusion act?

I have heard it argued that if the American markets were opened to Philippine tobacco, the production there would be almost unlimited. This is a great mistake, as only two provinces in the islands (on the island of Luzon), viz, Isabela and Cagayan, are capable of producing tobacco which is suitable for cigars.

The possibilities in the way of starting new plantations are limited, owing to comparative scarcity of labor. Furthermore, tobacco suitable for wrappers is anything but plentiful even at this time, and I know of at least one factory which is figuring on importing wrappers from Sumatra. Since American occupation wages of cigar makers have been increased, and about two years ago the factories had to contend with a strike which lasted several months. Some of the larger factories are unable to get all the cigar makers they could employ now, and on this account are usually behind with their orders.

In conclusion I desire to point out that Philippine cigars are not of a flavor which is likely to appeal to the average American smoker. While Americans in the Philippines enjoy these cigars, they generally do not care for same on their return to this country. It is difficult to explain this fact, but it is probably due to the difference in climate.

The Philippine cigar seems more suitable for the Tropics, losing, as it does, a good deal of its flavor in the Temperate zones. The managing director of one of the largest cigar factories in Manila tells me that when on his way to Europe he smokes Manila cigars as far as Colombo, when he has to change to Habanas, as his own cigars cease to satisfy him.

Outside of very cheap cigars, it is not believed that the United States will ever prove an extensive market for Philippine tobacco.

The reduction in the tariff is wanted as a matter of justice, which always appeals to the American people, and because it will tend to cause American capital to be invested in this industry; this capital will find its returns in the increased business with the Orient and India rather than with the United States.

Respectfully,

M. F. LOWENSTEIN,  
*Manager, Castle Brothers, Wolf & Sons,*  
*Exporters and Importers, Manila, P. I.*

*Statement filed by the chairman to go into the record for the information of the committee.*

I have had prepared from Willett & Gray's Weekly Market Report the price of sugar each week from the 1st of January, 1903, to the 31st of December, 1904. The table shows that during nearly all of this time there has been a variance between the price of centrifugal sugar 96 test, which is the Cuban import of sugar, in New York, compared with the prices of sugar in Hamburg. The prices in New York are generally lower, and there seems to have been as much variation in 1903 in price as during 1904. Cuban reciprocity became effective on the 27th day of December, 1903. This table shows by comparison pretty conclusively that the Cuban people receive nearly if not all of the reduction of 20 per cent on the duties under reciprocity, and that it does not go to the trust. The following is the table prepared:

[From Willett & Gray's Weekly Market Reports.]

*Prices of sugars (centrifugals, 96° test) for the years 1903 and 1904, at Hamburg and New York.*

	New York.	Ham- burg.		New York.	Ham- burg.
	Cents.	Cents.		Cents.	Cents.
January 1903. -----	3.875	3.94	May -----	3.69	4.01
	3.875	3.97		3.69	4.01
	3.81	3.94		3.69	4.01
	3.69	3.92		3.625	4.00
February -----	3.625	3.93	June -----	3.59	4.00
	3.69	3.94		3.59	3.94
	3.75	3.97		3.59	3.91
	3.75	4.01		3.56	3.90
March -----	3.78	4.04	July -----	3.56	3.88
	3.75	4.04		3.56	3.88
	3.72	4.02		3.69	3.94
	3.625	4.00		3.69	3.94
April -----	3.56	3.98		3.66	3.94
	3.50	4.00	August -----	3.72	4.00
	3.59	4.01		3.72	4.00
	3.69	4.02		3.81	4.06
	3.69	4.01		3.875	4.06

*Prices of sugars (centrifugals, 96° test) for the years 1903 and 1904, at Hamburg and New York—Continued.*

	New York.	Ham- burg.		New York.	Ham- burg.
1903.	Cents.	Cents.	1904.	Cents.	Cents.
August.....	3.875	4.05	May (without bounty).....	3.73	3.89
September.....	3.875	4.08		3.75	3.96
	3.875	4.05		3.88	3.99
	3.91	4.08		3.95	4.01
October (without bounty).....	3.91	3.86	June (without bounty)....	3.95	3.97
	3.85	3.85		3.875	3.93
	3.875	3.86		3.84	3.91
	3.875	3.85		3.94	3.96
	3.875	3.86		3.94	3.99
November (without bounty).....	3.81	3.81	July (without bounty).....	3.94	4.04
	3.81	3.79		3.94	4.04
	3.75	3.79		3.94	4.06
	3.75	3.76	August (without bounty)...	4.06	4.15
December (without bounty).....	3.69	3.76		4.125	4.22
	3.625	3.76		4.25	4.22
	3.625	3.76	September (without bounty).....	4.31	4.28
	3.56	3.76		4.31	4.28
	3.47	3.76		4.31	4.26
1904.				4.25	4.33
January (without bounty).....	3.47	3.76		4.31	4.36
	3.35	3.72		4.29	4.37
	3.31	3.69	October (without bounty)...	4.25	4.29
	3.31	3.63		4.25	4.25
February (without bounty).....	3.35	3.68		4.22	4.35
	3.35	3.64			
	3.35	3.68	November (without bounty).....	4.41	4.68
	3.38	3.69		4.41	4.86
March (without bounty)....	3.44	3.73		4.625	5.12
	3.44	3.73		4.75	5.04
	3.50	3.75			
	3.60	3.79	December (without bounty).....	4.75	4.95
	3.67	3.80		4.75	5.08
April (without bounty).....	3.67	3.79		4.875	4.99
	3.61	3.79		4.875	5.00
	3.54	3.82		4.875	5.06
	3.70	3.88			

Bounties on sugar was abolished on September 1, 1903, by the European countries adhering to the Brussels agreement.

WILLET & GRAY.

JUNE 25, 1903.

Some suggestions were made about the effect of reciprocity on our exports to the island of Cuba. These statements were based on the first six months of the year, when our trade had not increased so rapidly over the six months of 1903; but during the past six months, up to the 31st day of December, 1904, there has been a great change in this respect. The total exports to Cuba, according to the figures obtained from Cuban sources by the Bureau of Statistics, for the calendar year 1904 were \$32,644,345; for the calendar year 1903 they were \$23,504,417, a gain of \$9,139,928, equivalent to 38.9 per cent. During the same period we imported from Cuba in the calendar year 1904, \$74,950,992, as against an importation of \$57,228,291 in 1903. This shows an increase of \$18,000,000, or about 31 per cent, in our imports against 39 per cent of exports.

Cuban reciprocity seems to have done better in the last six months. From the half-yearly periods we have no figures from Cuban sources. The following are our own statistics, and vary somewhat in the aggregate from those of Cuba: For the first six months of 1903, ending June 30, our exports of merchandise to Cuba were \$10,851,467. During the corresponding period of 1904 the exports were \$14,413,-



595, showing a gain of 32 per cent. During the last six months, ending December 31, 1903, the total exports to Cuba were \$12,963,870, while during the last six months of 1904 the total exports were \$18,287,346, showing a gain in our exports during the last six months, ending December 31, of \$5,323,476, which is an increase of over 41 per cent. It would seem that our merchants and manufacturers had learned to take advantage of the reciprocity treaty during the past six months, and that it would result in still greater benefit to the American trade. The original House bill made a much larger reduction in the duty than was finally obtained in the reciprocity treaty, and would have given our merchants and manufacturers a much greater chance in the Cuban market.

I append hereto a statement showing the trade of the United States with Cuba from 1890-1904:

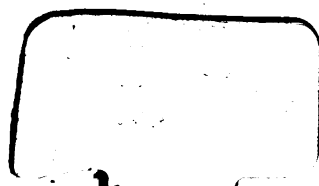
*Trade of the United States with Cuba, 1890-1904.*

Calendar year—	Imports from Cuba.	Exports to Cuba.
1890 .....	\$54,628,710	\$13,829,498
1891 .....	69,278,511	14,464,459
1892 .....	78,228,542	22,244,878
1893 .....	70,581,526	21,856,241
1894 .....	76,413,131	17,186,885
1895 .....	51,718,888	9,498,064
1896 .....	24,708,849	7,226,613
1897 .....	16,238,456	9,306,515
1898 .....	18,321,517	10,750,257
1899 .....	29,068,221	24,861,261
1900 .....	31,747,229	26,964,524
1901 .....	46,063,796	27,007,024
1902 .....	48,619,588	23,061,623
1903 .....	57,228,291	23,504,417
1904 .....	74,950,992	32,644,345

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